



Analyst Conference Q4/15
Wednesday, January 27, 2016

I. Consolidated Results

- Q4/15 Consolidated Results

- FY2015 Summary

- Financial Updates

II. SCG Cement - Building Materials

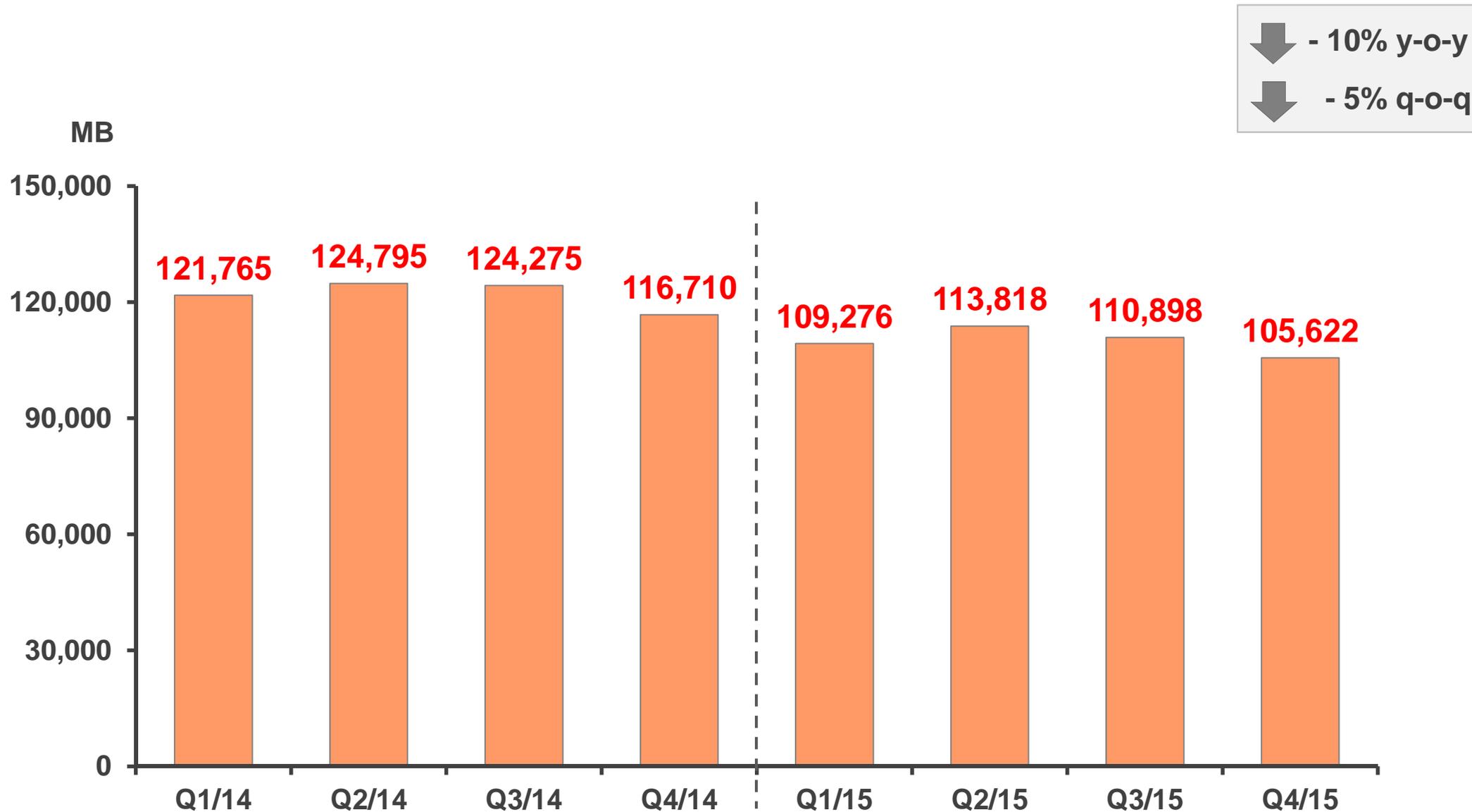
III. SCG Chemicals

IV. SCG Packaging

V. Summary

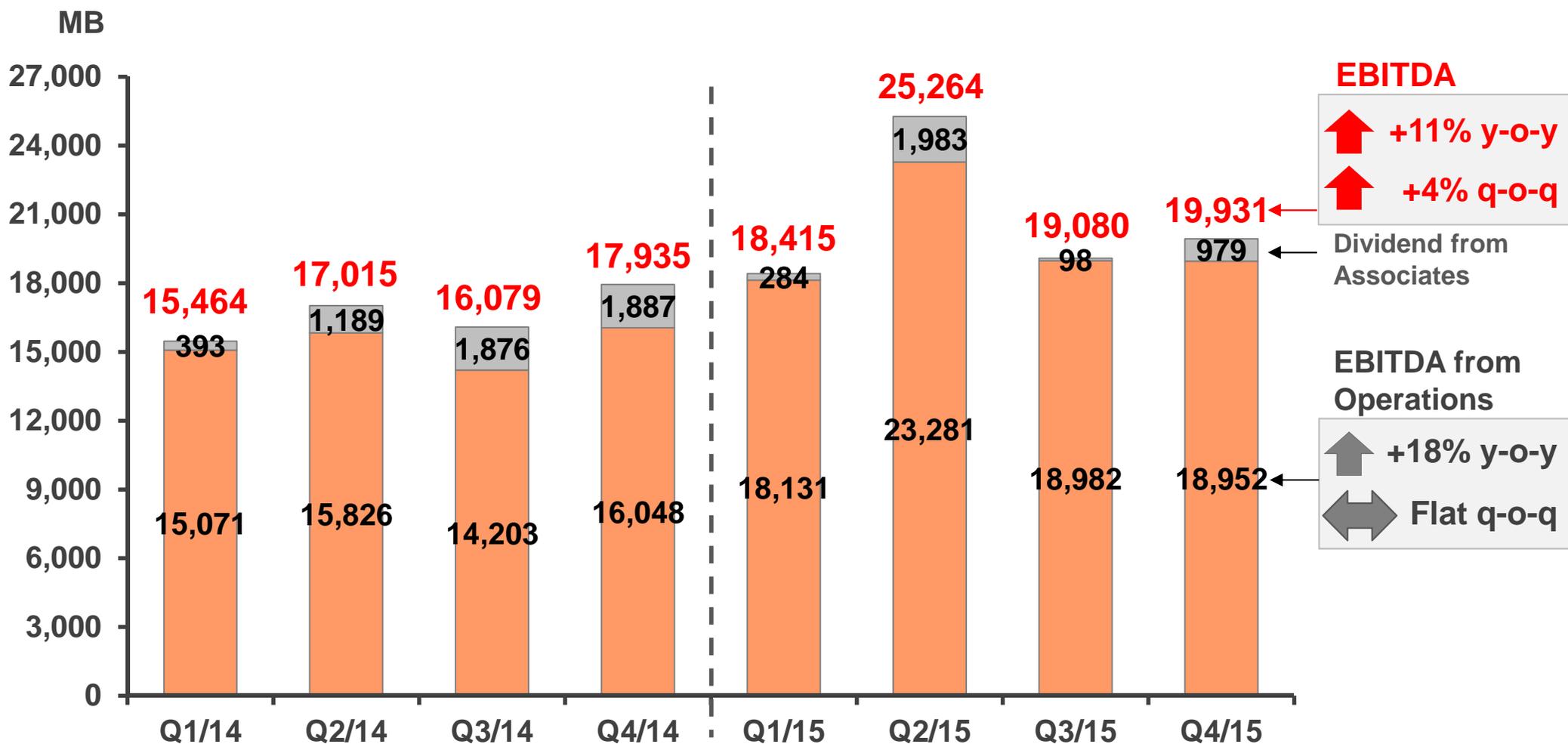
Revenue from Sales

Q4/15 revenue decreased -10% y-o-y and -5% q-o-q, attributed to lower chemicals revenue which is linked to the drop in oil prices.



EBITDA

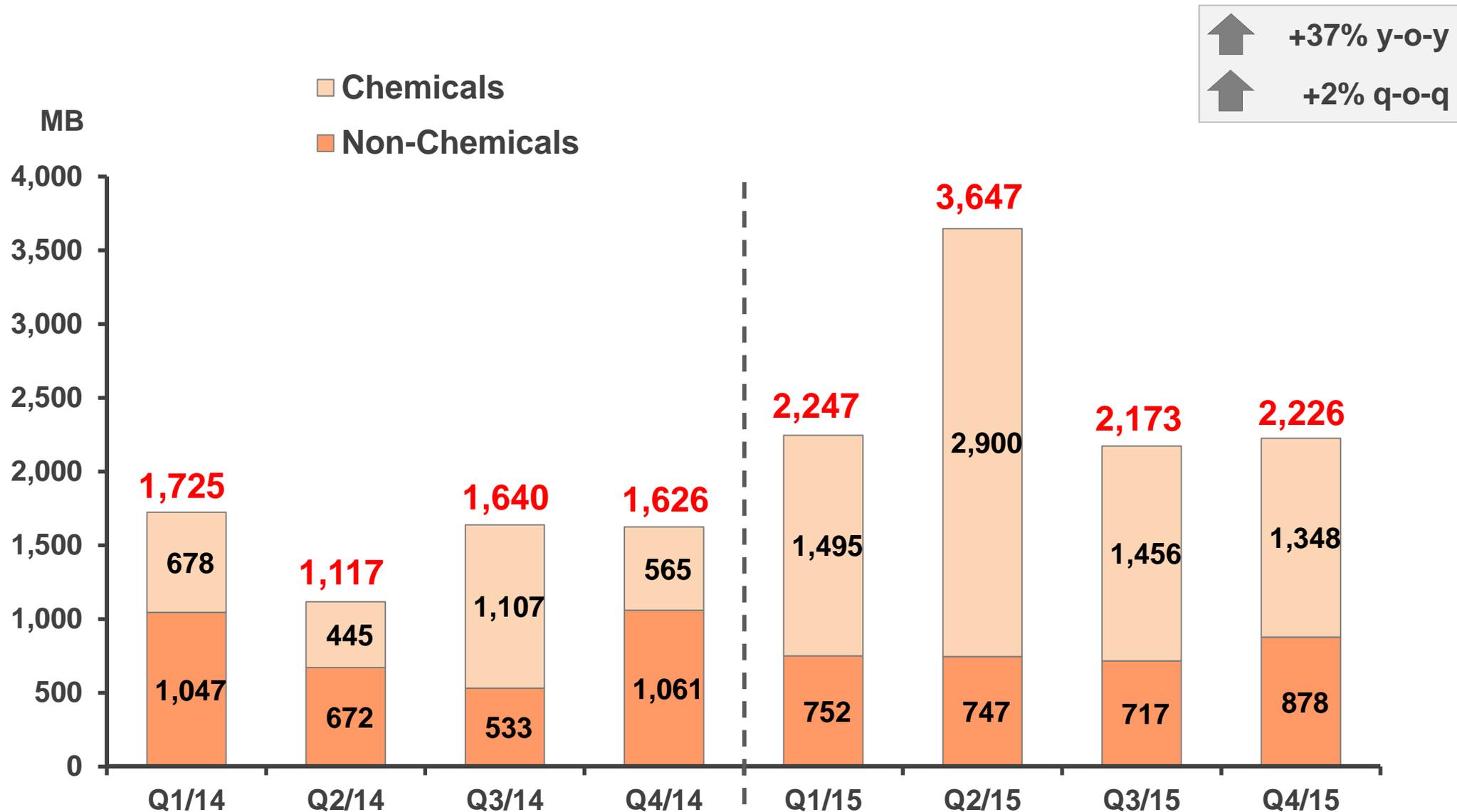
Healthy chemicals spreads were the main drivers towards the EBITDA growth of 11% y-o-y and 4% q-o-q.



NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

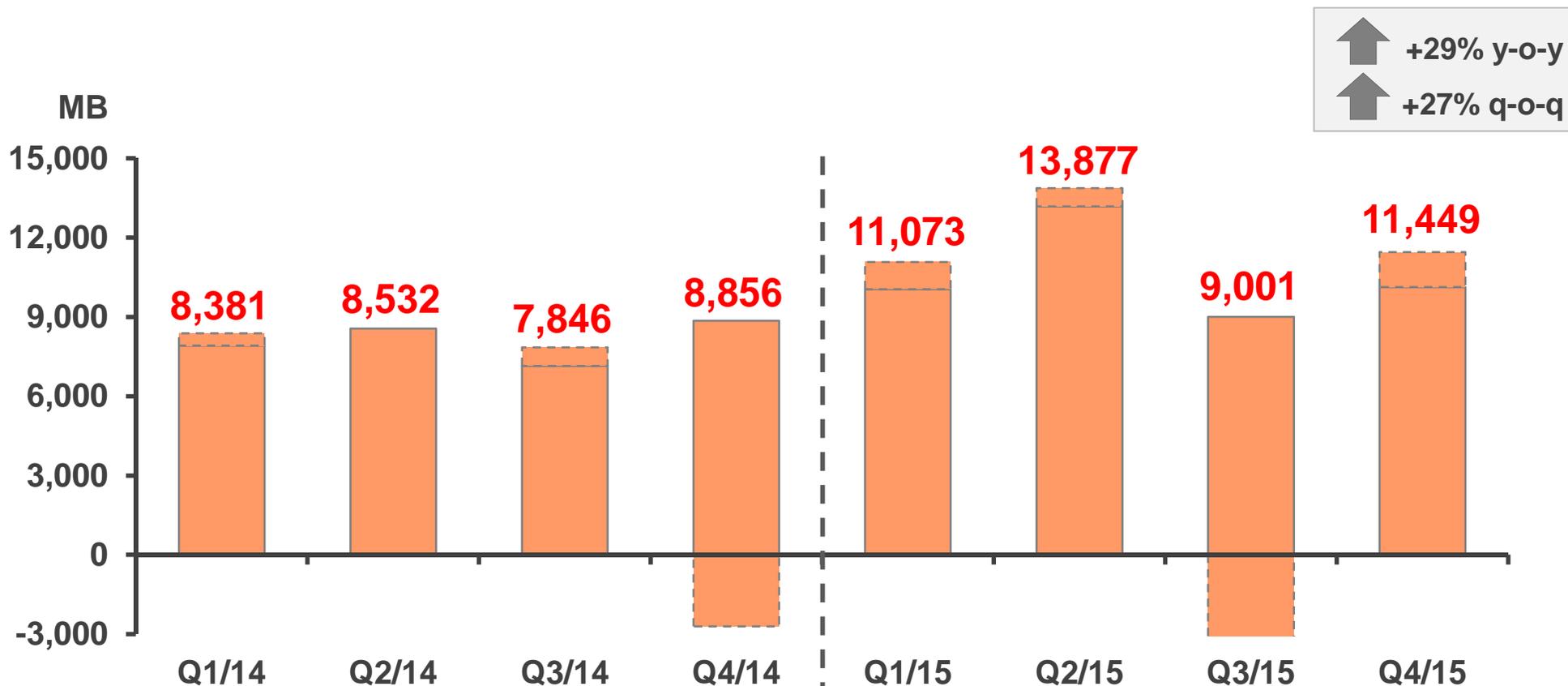
Equity Income

Contributions from chemicals associates drove the 37% y-o-y gain, but was sideways q-o-q.



Profit for the Period

Profitability was a healthy 11,449 MB, as a result of the solid chemicals earnings which accounted for 66% of SCG's total Q4/15 profitability.



Key Non-recurring	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
1) FX Gain (Loss)	460	(30)	700	(2,710)	1,020	700	(3,630)	1,320
2) Inventory Gain (Loss)*	(170)	0	680	130	460	(270)	(420)	510
3) Insurance Claim (Sub + Asso.)	180	(80)	(130)	(2,960)	(930)	970	(2,160)	330
4) Others	450	50	150	120	0	0	0	0
	0	0	0	0	1,490	0	0	480

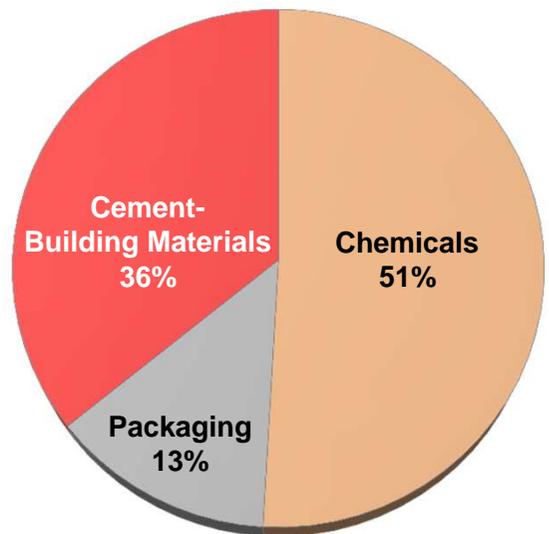
*Note: SCG Chemicals (Sub + Asso.)

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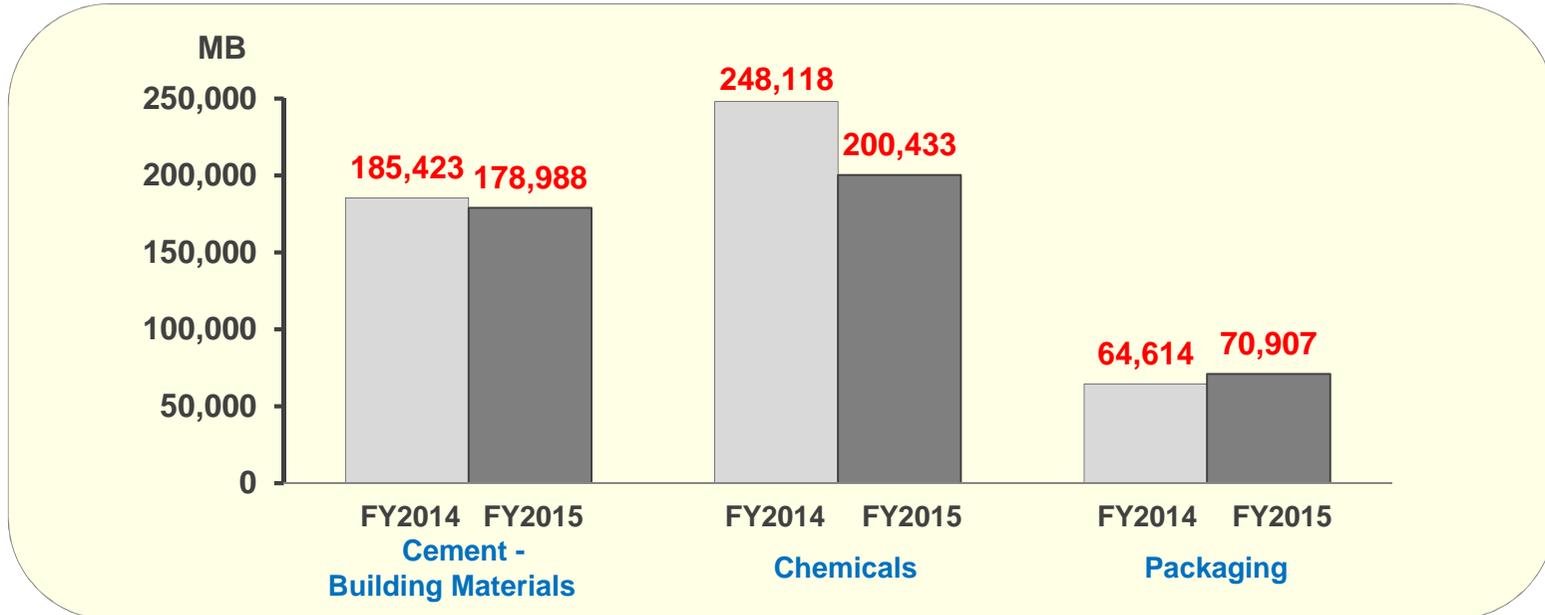
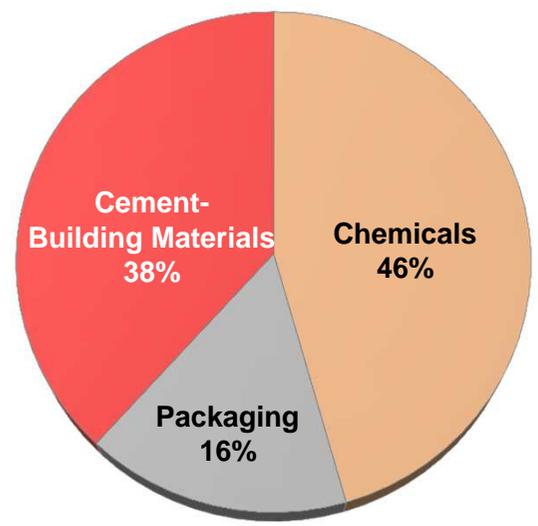
Segmented Revenue from Sales

The chemicals business accounted for 46% of Revenue in FY2015.

FY2014
487,545 MB



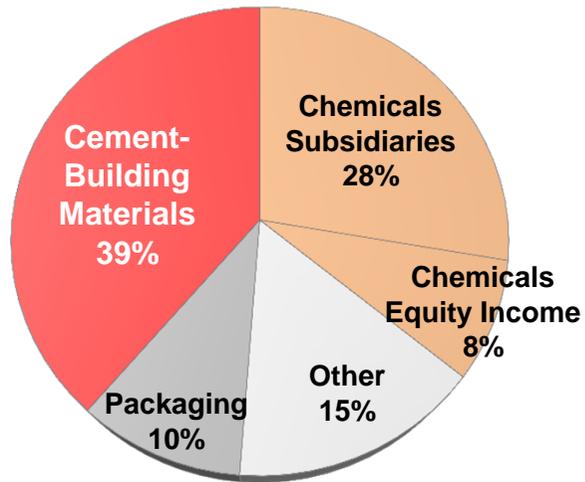
FY2015
439,614 MB (-10% y-o-y)



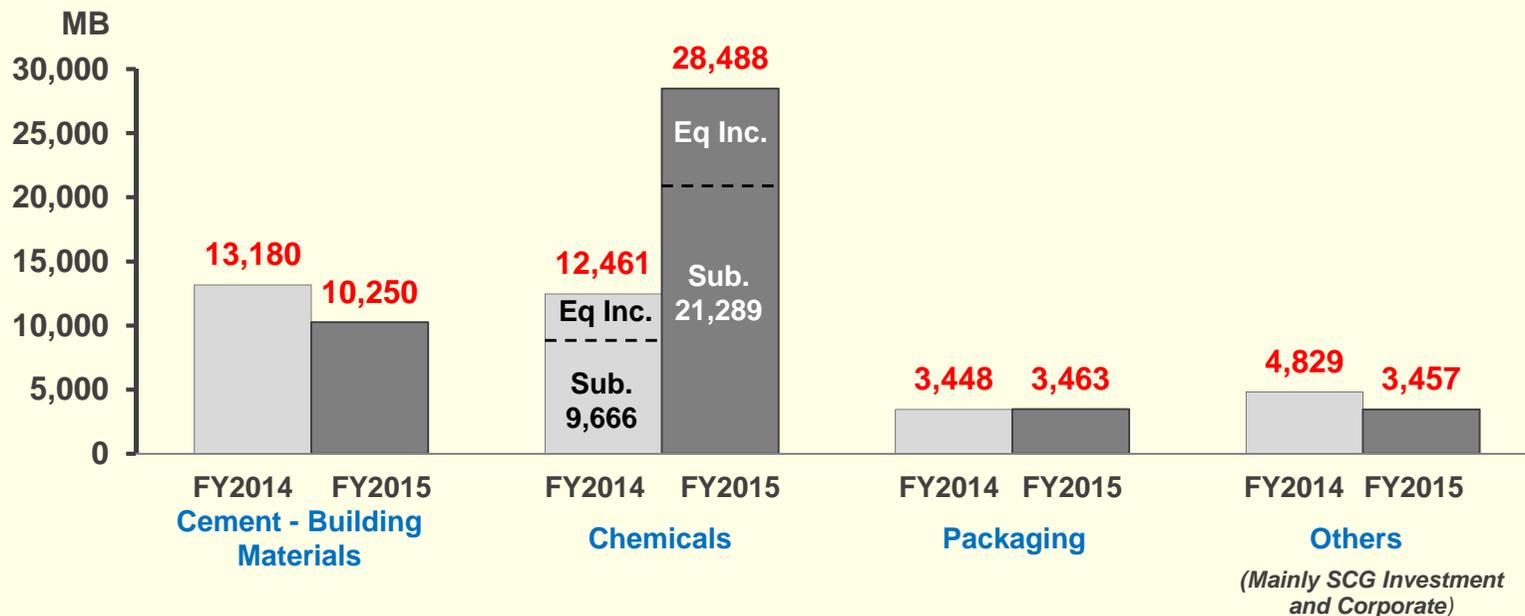
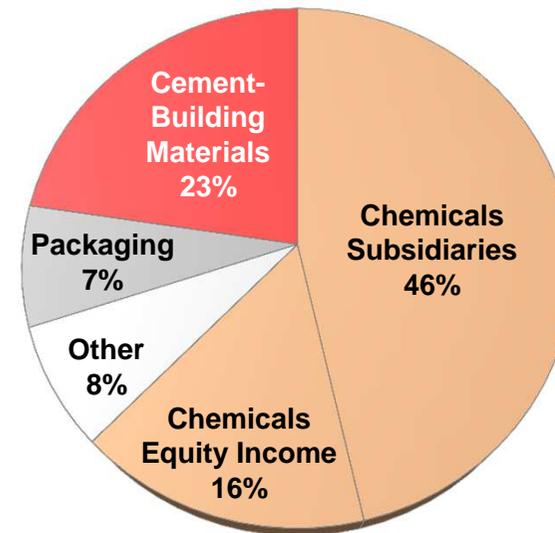
Segmented Profit for the Period

The growth was from the chemicals business which accounted for 62% of the FY2015 earnings.

FY2014
33,615 MB



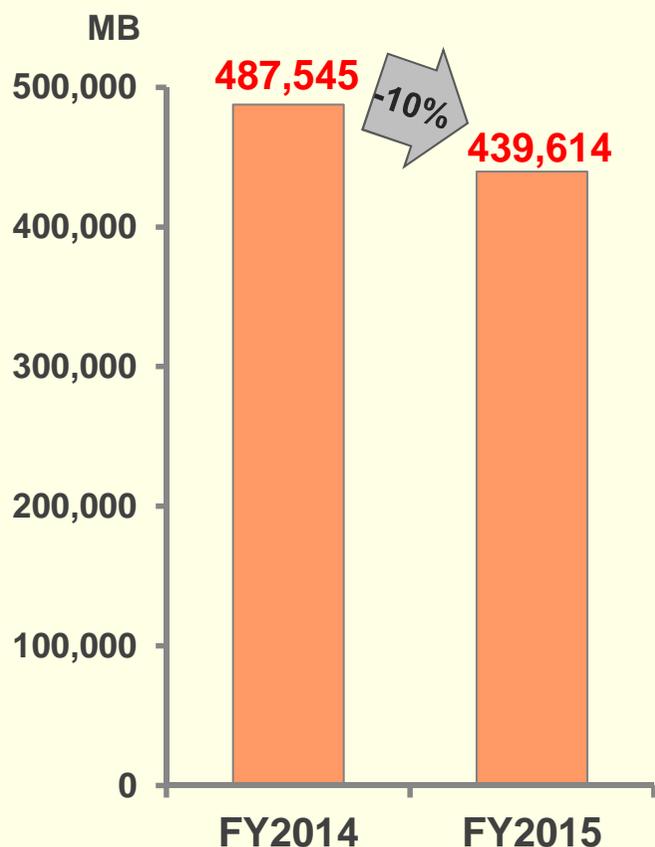
FY2015
45,400 MB (+35% y-o-y)



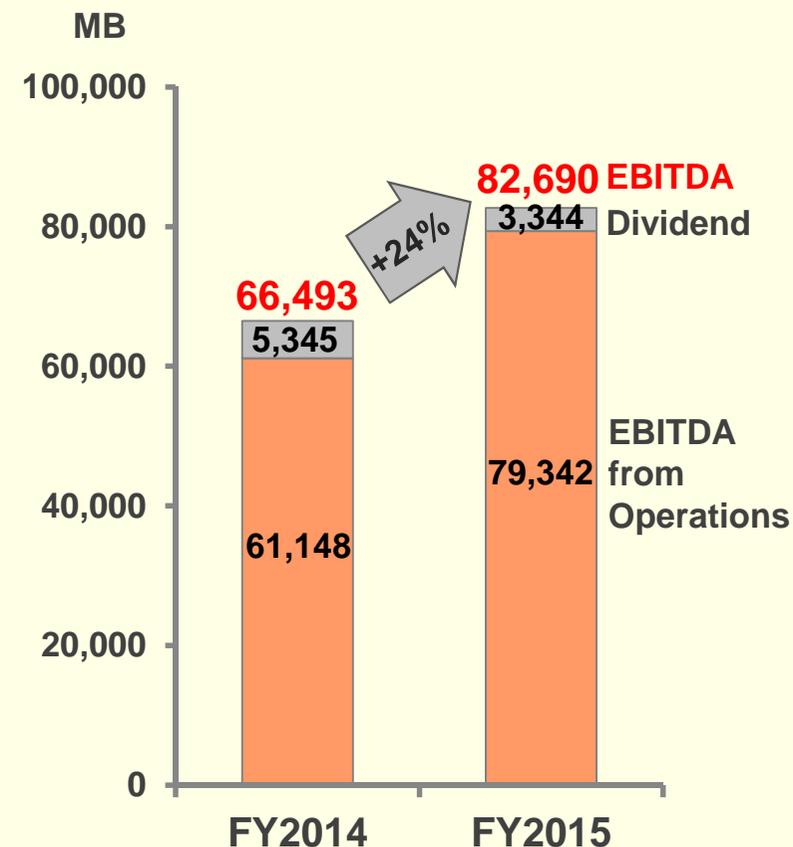
FY2015 Revenue from Sales & EBITDA

Sales decreased -10% y-o-y on lower chemicals prices, while EBITDA and profitability gained as a result of the surge in chemicals performance.

Revenue from Sales

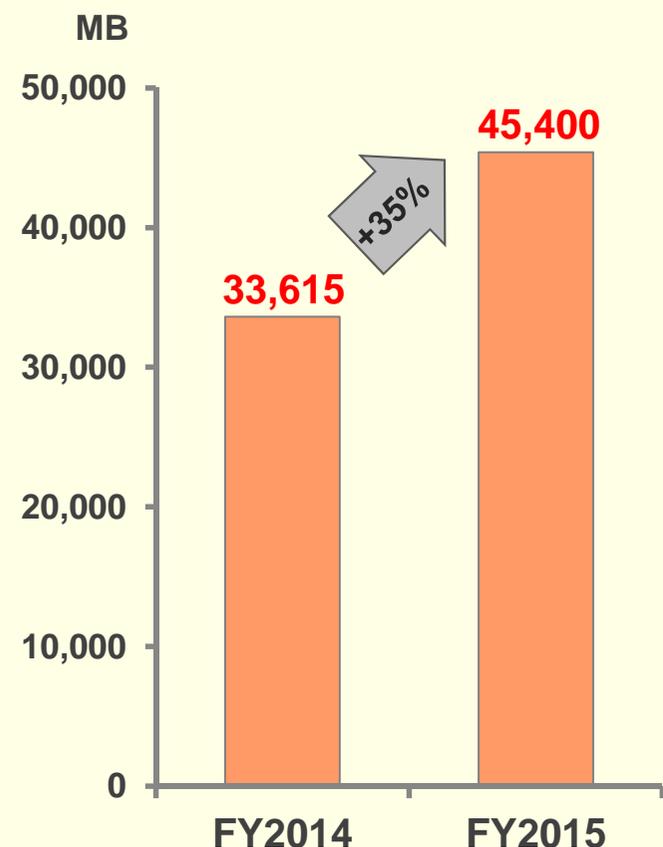


EBITDA



EBITDA Margin:
 FY2014: 13%
 FY2015: 18%

Profit for the Period

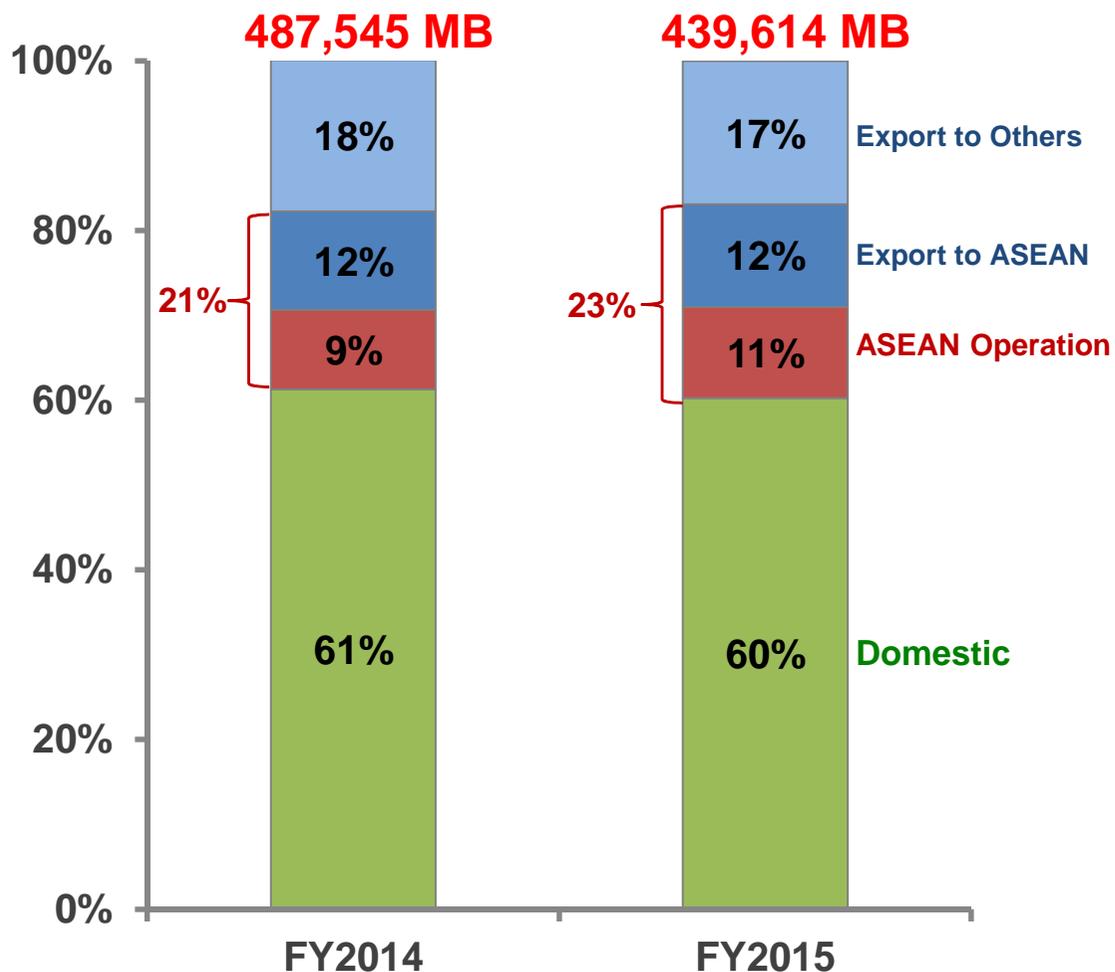


EPS:
 FY2014: 28%
 FY2015: 38%

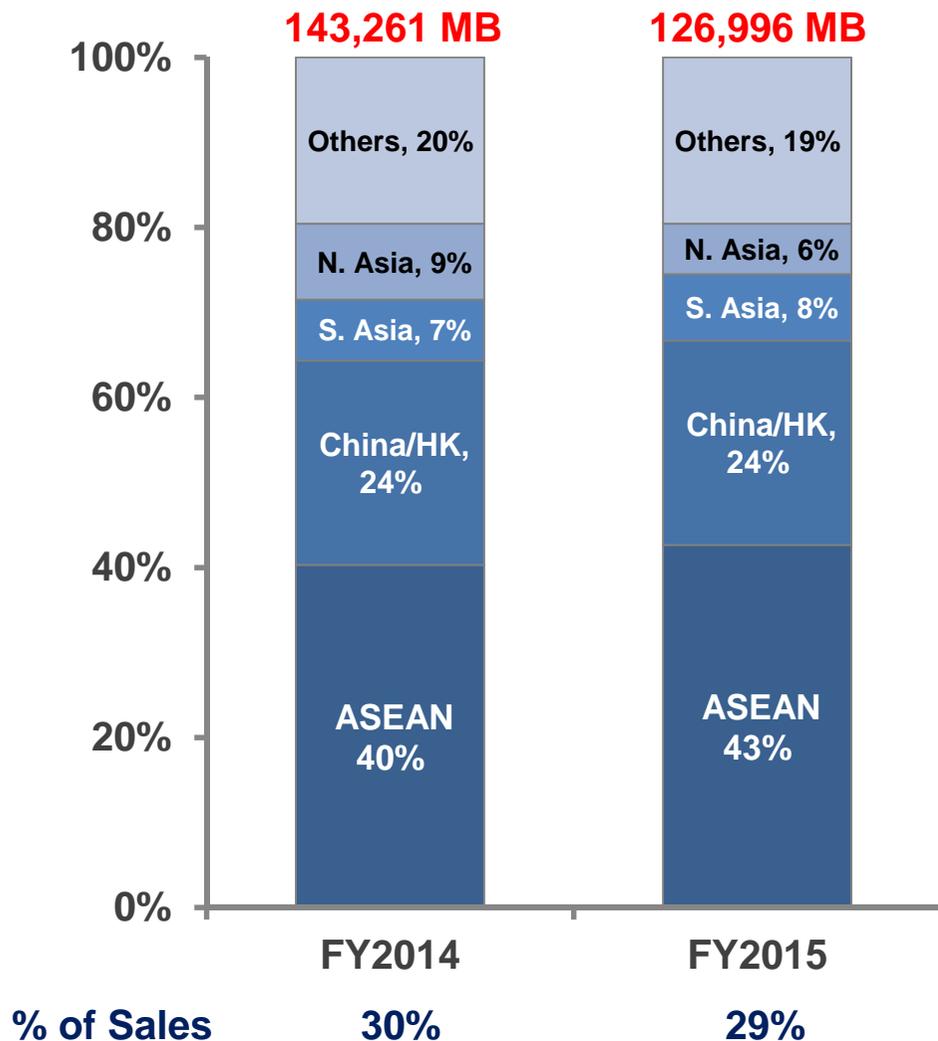
Segments: Export Sales and ASEAN Operation

ASEAN exports and ASEAN operations accounted for 23% in FY2015, compared to 21% in FY2014.

Sales Destinations



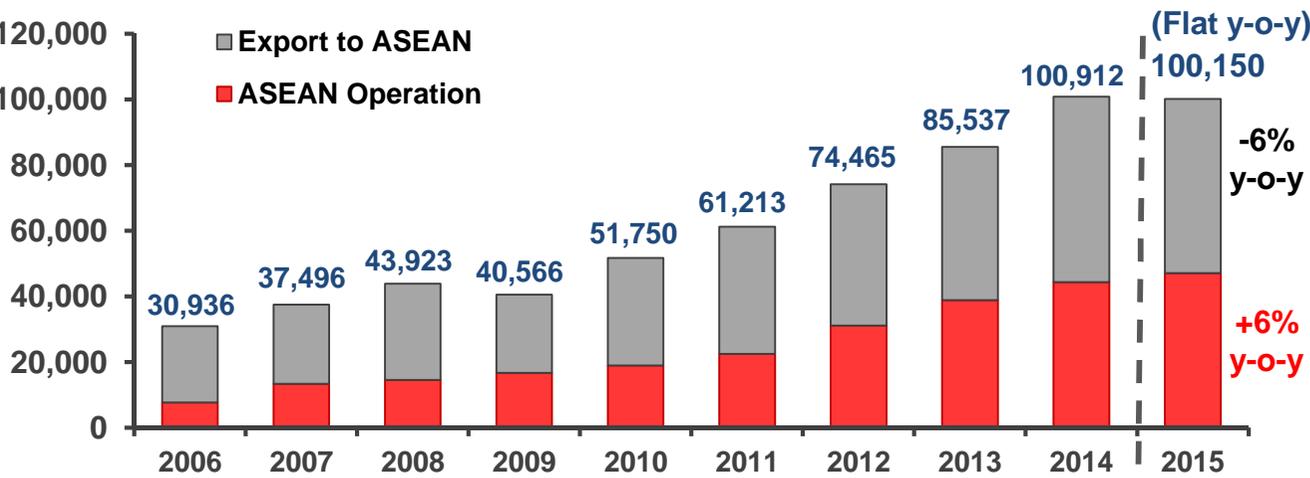
Export Destinations



Segments: Export Sale and ASEAN Operation

Sales to ASEAN (exports and localized operations) reached 100,510 MB in FY2015 (Thai Baht term).

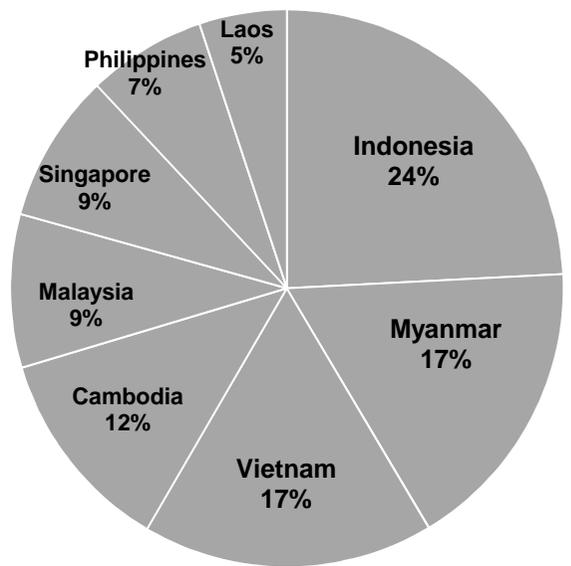
ASEAN Sales



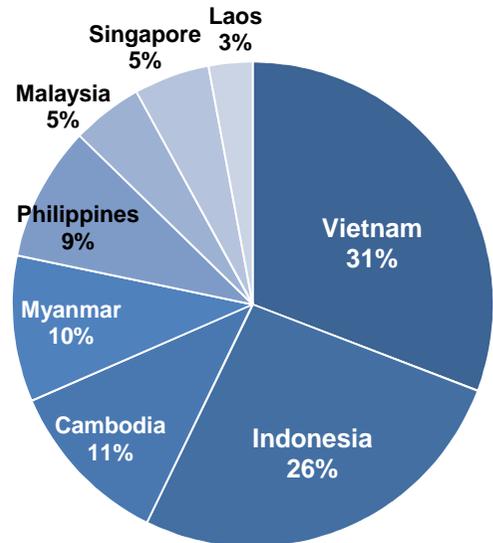
Percentage of total sales from ASEAN Operations:



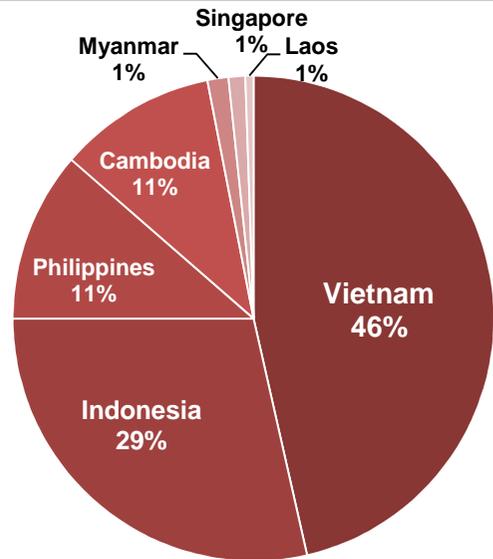
Export to ASEAN by countries



ASEAN Sales by countries



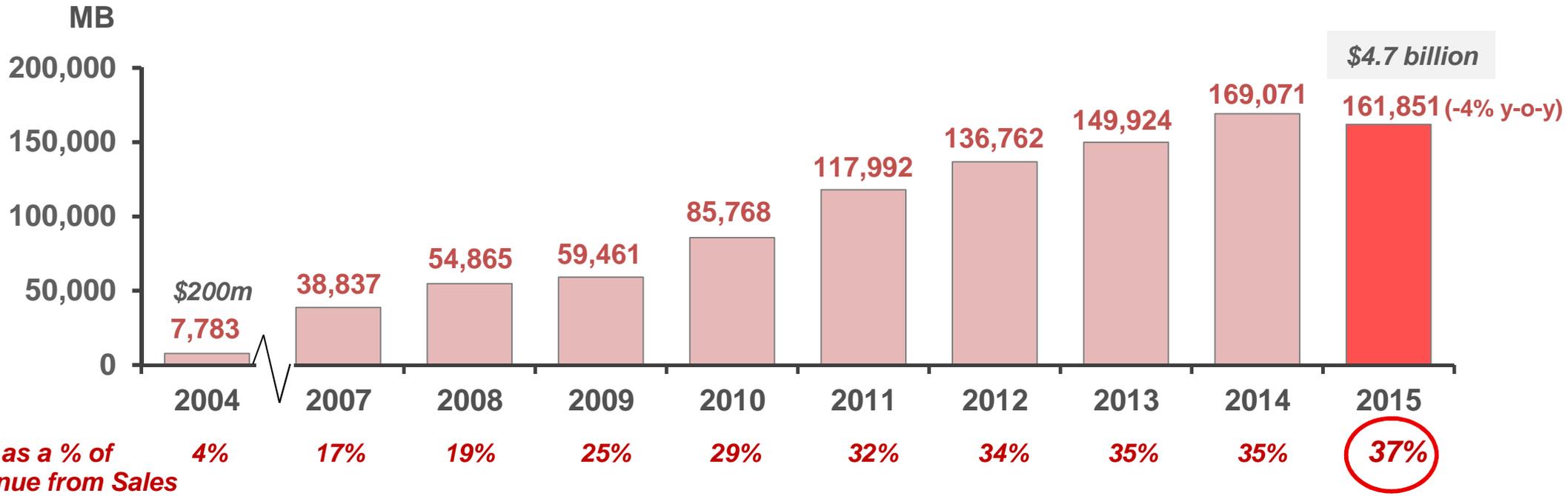
ASEAN Operation by countries



HVA's Revenue from Sales

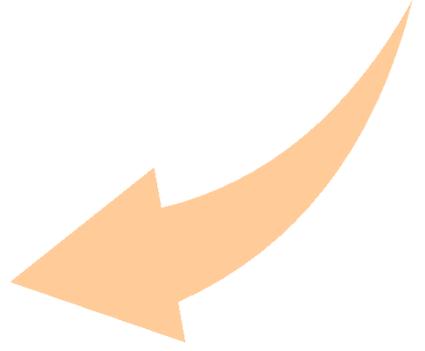


Consolidated:

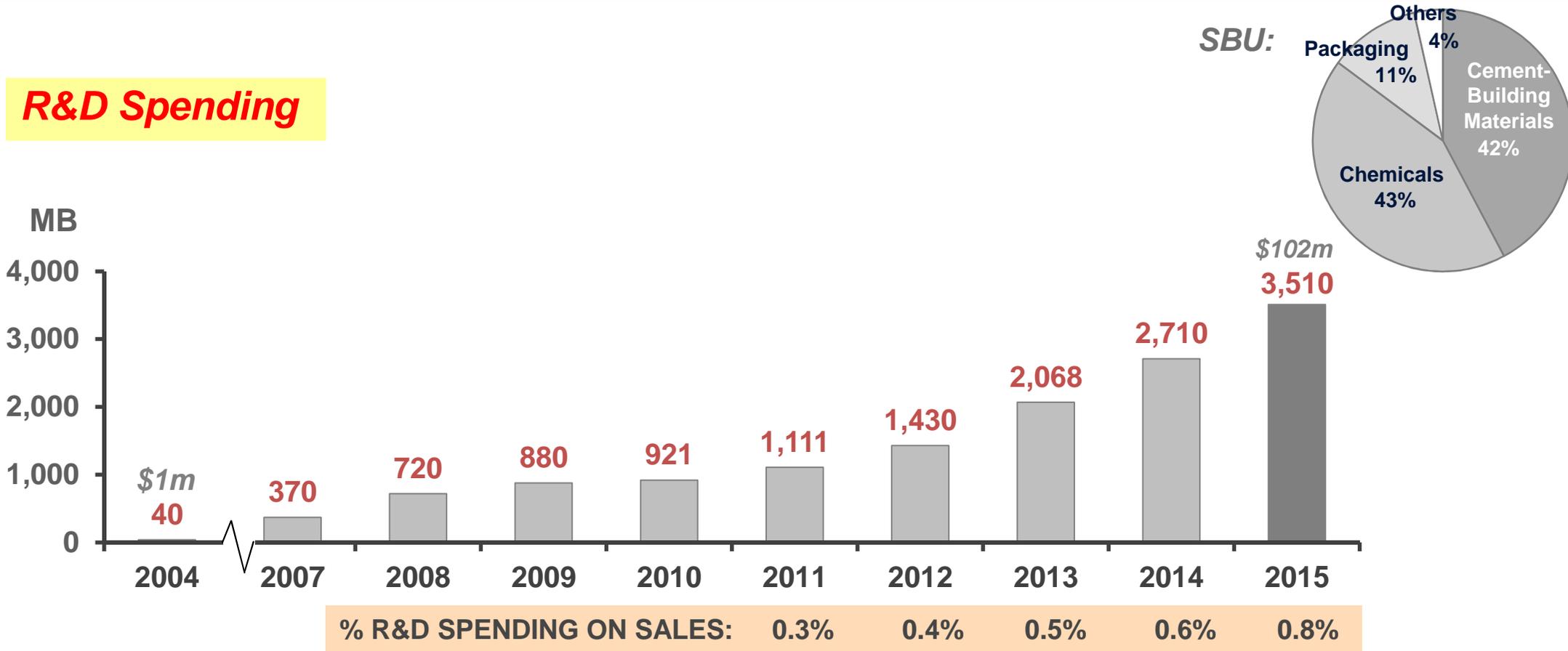


HVA as a % of Revenue from Sales

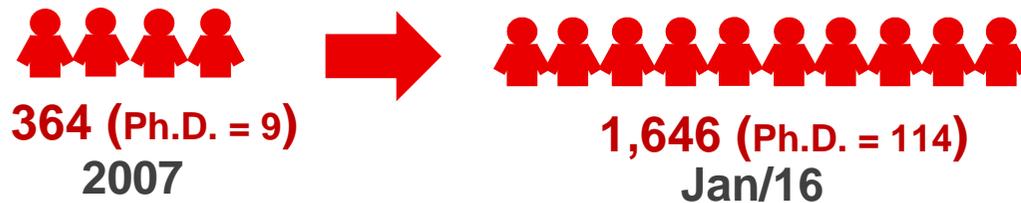
Business	2013	2014	2015
Cement-Building Materials	41%	42%	41%
Chemicals	27%	27%	31%
Chemicals (Includes associates)	50%	50%	53%
Packaging	38%	39%	39%



R&D Spending



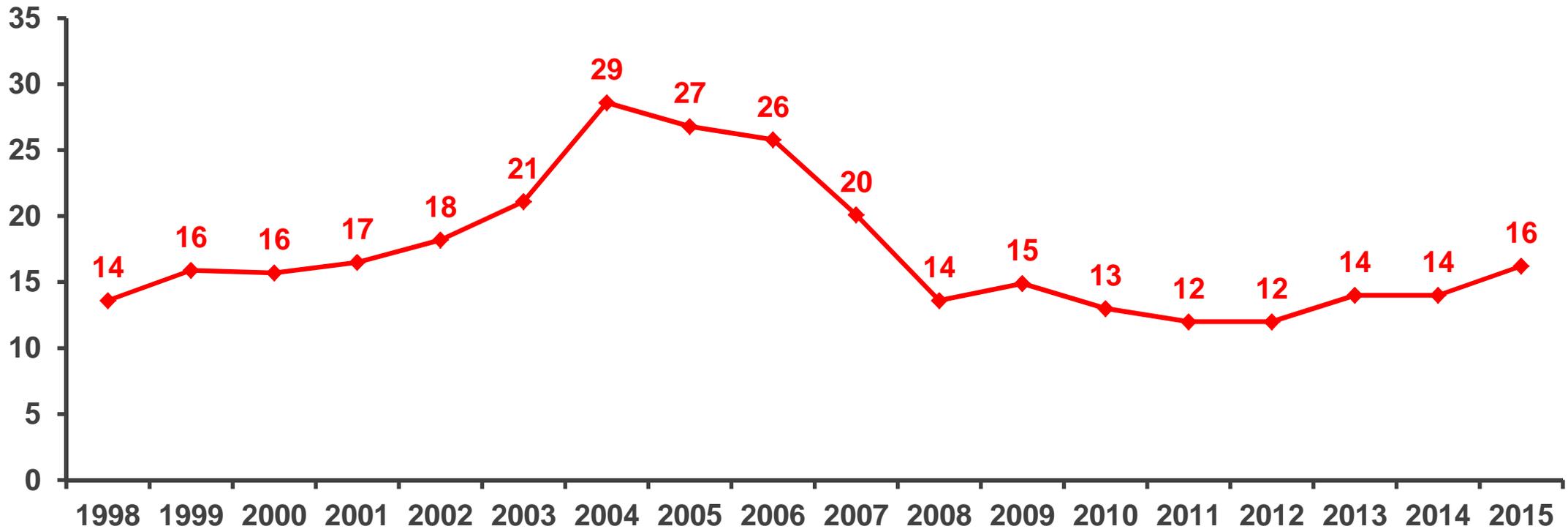
R&D and Product Design Team



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EBITDA on Total Assets

Percent (%)



EBITDA Margin (%):

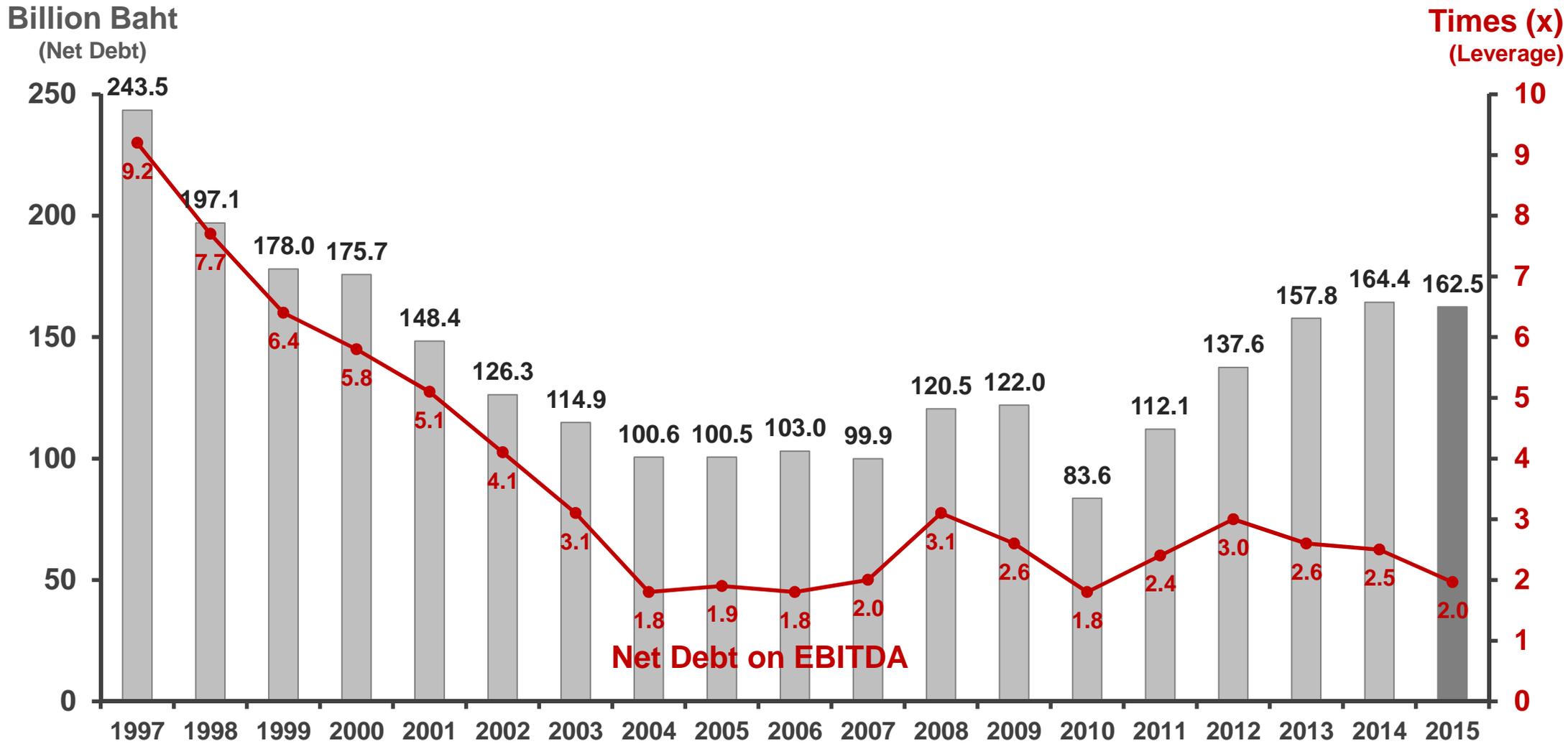
23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	13	18
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EBITDA on Assets = EBITDA / Consolidated Assets

EBITDA margin = EBITDA from Operations / Consolidated Sales

Net Debt

Leverage registered 2.0 times (x), on healthy EBITDA and lower net debt.

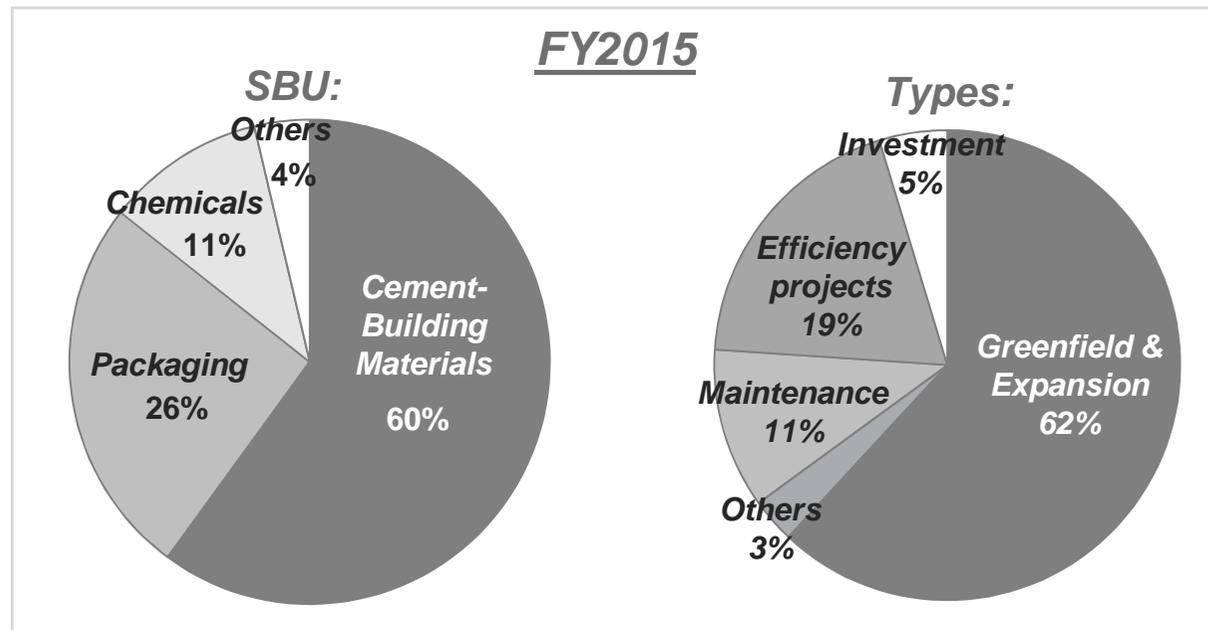


Net Debt on EBITDA

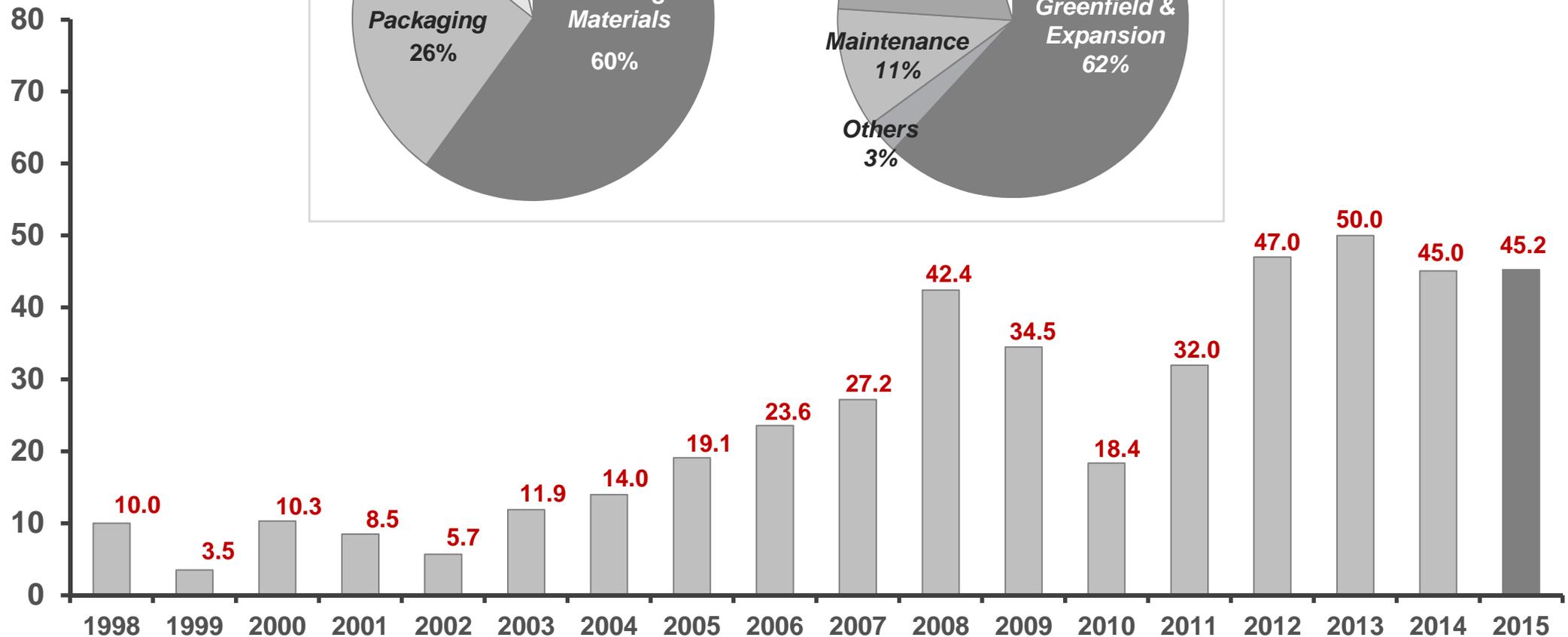
Net Debt to Equity = 0.7x

CAPEX & Investments

Amounted to 45,184 MB in FY2015, which was mainly from the greenfield expansion in the cement-building materials business.



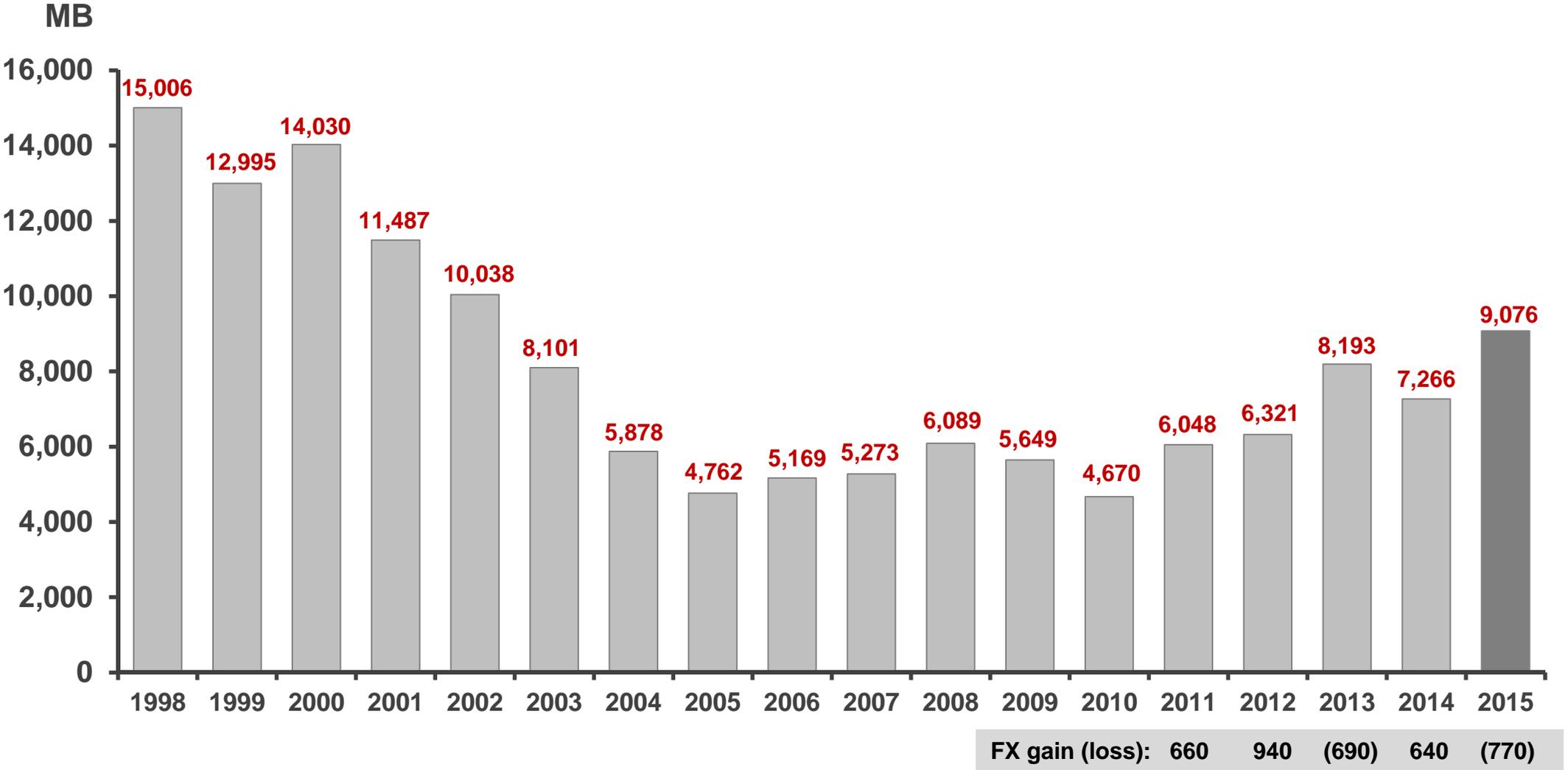
Billion Baht



- CAPEX includes debottlenecking, expansion projects, and major turnaround.
- Investments are acquisitions and purchase of shares.

Interest and Finance Costs

The FY2015 total of 9,076 MB included a cumulative FX loss of 770 MB, while interest cost was 3.9% at the end of Dec/15.

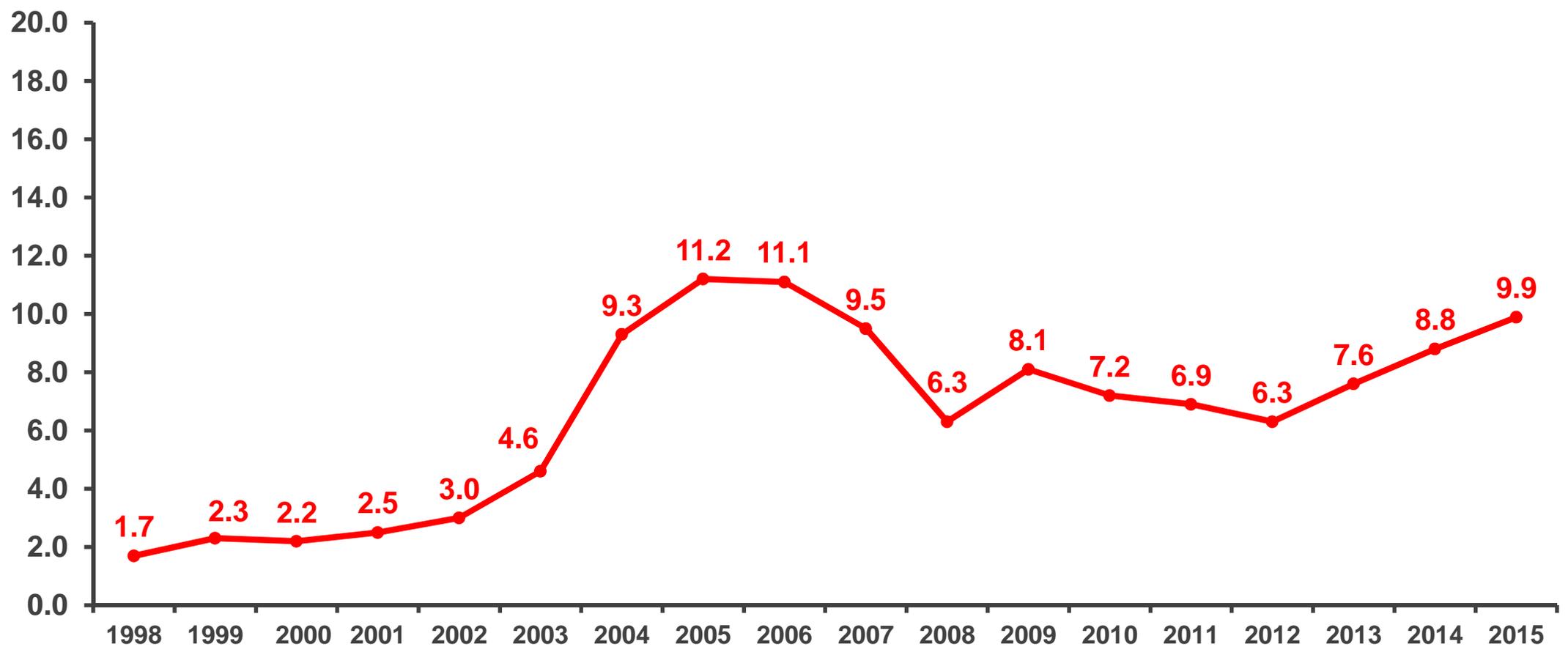


NOTE: Interest & financial charges include FX gain/loss transactions.

Interest Coverage Ratio



Times (x)



Note: - Interest Coverage Ratio = EBITDA / Interest Expense
- Interest Coverage Ratio excludes the effect of FX gain/loss.

Highlights:

- FY2015 dividend of 16.0 Bt/share (42% payout) or 19,200 MB. This is comprised of the H1/15 interim of 7.5 Bt, and the H2/15 year-end of 8.5 Bt.
- Net Working Capital increased 13% q-o-q to 60,998 MB, with Inventory to Net Sales of 45 days from 43 days in Q3/15.
- Cash & cash under management of 40,279 MB at the end of Q4/15.
- Issued 10 Billion Baht (4 years, 3.40% fixed) debenture on Nov 2/15 to replace the matured 10 Billion Baht tranche (4-years, 4.50% fixed).

Outlook:

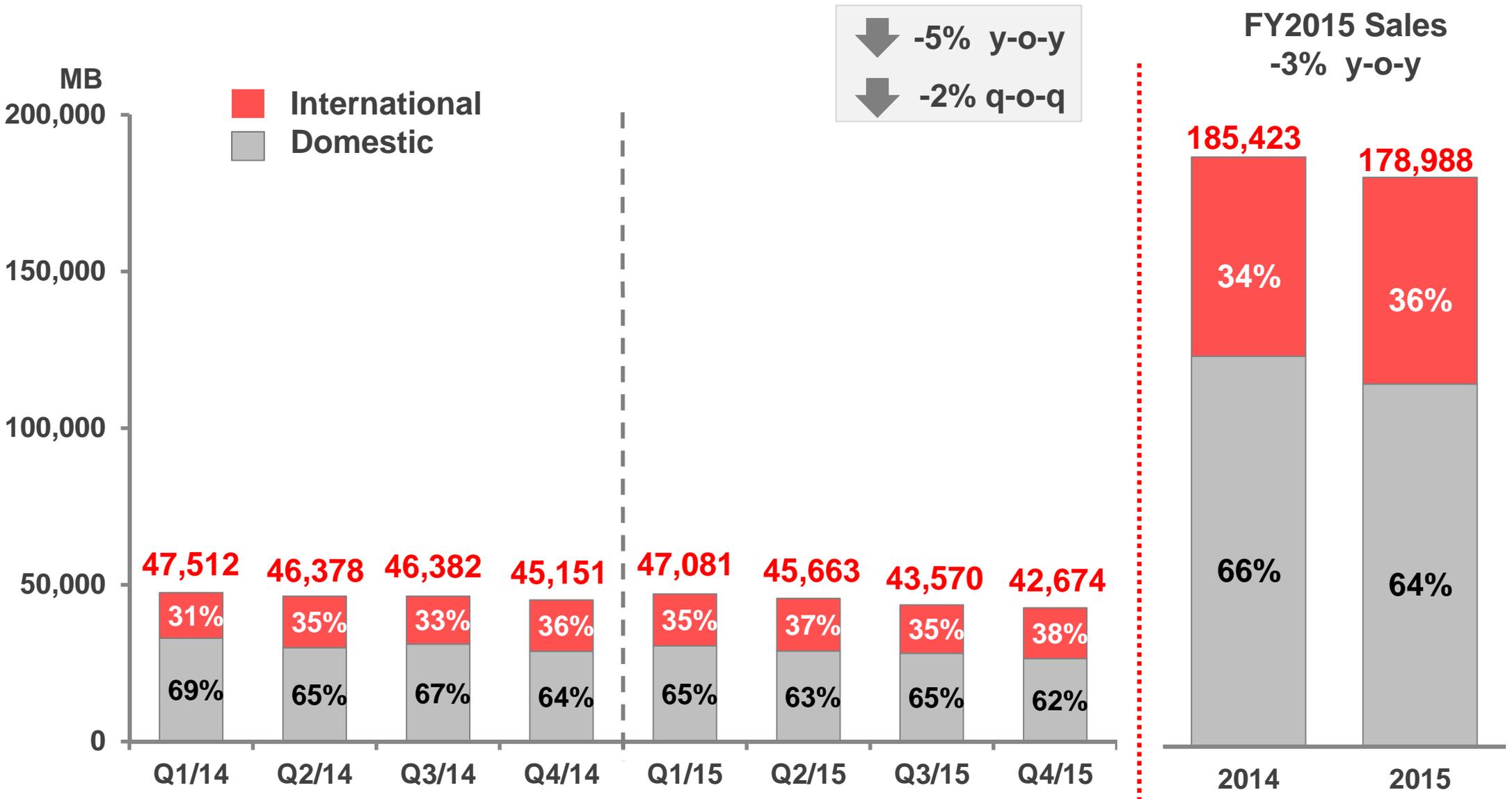
- Continued strong cash flow generation from operations is expected.
- Forecasted FY2016 CAPEX & Investments of approximately 50,000 MB.
- Estimated FY2016 depreciation of 24,000 MB, up 3,000 MB y-o-y.
- FY2016 maturing debenture of 50 Billion Baht (Apr 1/16 = 25 Billion Baht @ 4.15%, and Nov 1/16 = 25 Billion Baht @ 4.15%). The Apr 1/16 maturity will be refinance with a 25 Billion Baht issuance (25 Billion Baht with a 4 year tenure).

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Revenue from Sales



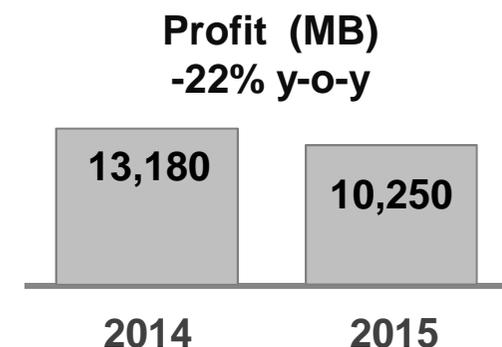
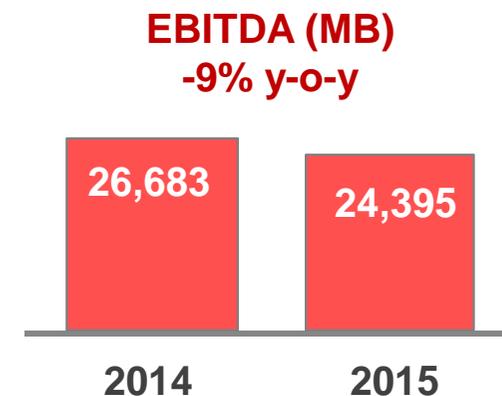
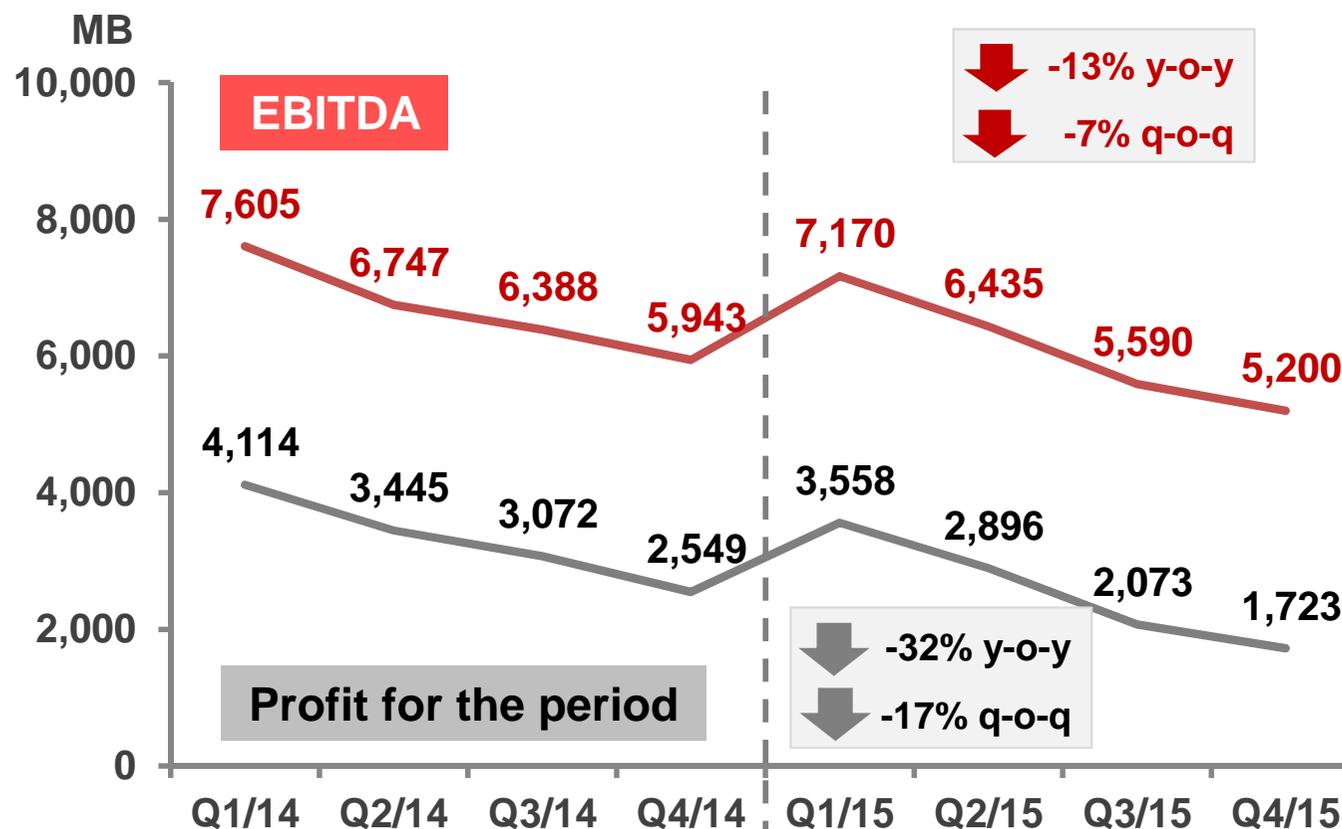
Sales in Q4/15 decreased -5% y-o-y due to the domestic market softness.



EBITDA and Profit for the Period

Q4/15 EBITDA dropped -13% y-o-y on the weak domestic market.

FY2015 Profit declined -22% y-o-y due to increased depreciation expense.



EBITDA Margin *

	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	2014	2015
Total	16%	15%	14%	13%	15%	14%	13%	12%	14%	14%
International	9%	9%	9%	10%	10%	11%	10%	8%	10%	10%
Domestic	18%	16%	16%	15%	18%	16%	14%	15%	17%	16%
Domestic Structural Pro	28%	26%	25%	21%	27%	24%	22%	21%	25%	23%

EBITDA Portion

	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	2014	2015
International	19%	25%	23%	28%	24%	29%	28%	24%	24%	26%

* EBITDA margin = EBITDA from Operations / Consolidated Sales

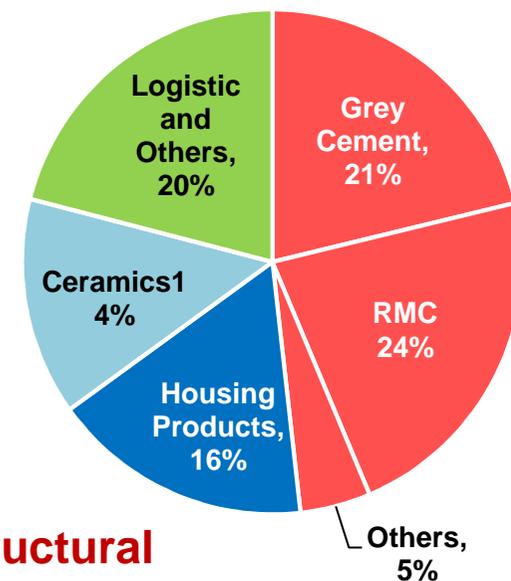
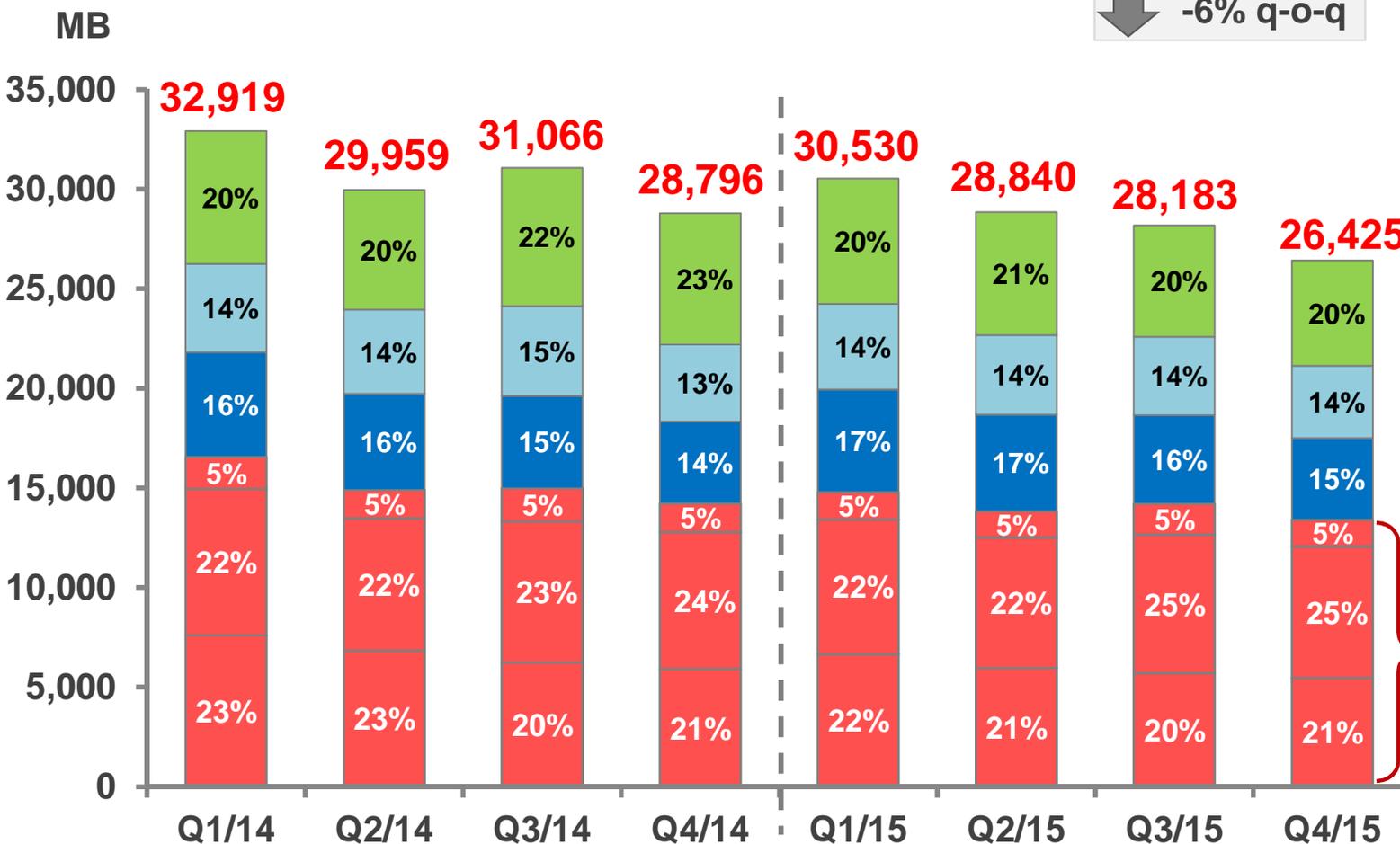
- Cement demand grew +2% y-o-y in Q4/15, attributed mainly to the demand growth from the infrastructure projects, and resulting in the flat y-o-y growth for FY2015.
- Ready-mixed concrete (RMC) demand grew +3% y-o-y in Q4/15, with flat growth for FY2015. The average prices in Q4/15 dropped y-o-y to the range of 1,750-1,800 baht per cubic meter.
- Demand for housing products (roof ceiling & wall) in Q4/15 dropped -2% y-o-y, while demand for ceramic tiles dropped -4% y-o-y, resulting in the FY2015 declines of -1% and -4% respectively,

Domestic sales segmentation

Q4/15 sales in Thailand dropped -8% y-o-y, primary due to the softer domestic market.

 -8% y-o-y
 -6% q-o-q

Domestic Sales (FY2015)
113,978 MB
 (-7% y-o-y)



Structural Products

Note: Domestic business: domestic sales from Thai operations

Structural Products: Grey cement, RMC, Others (mortar, white cement, and lightweight concrete blocks).

Housing Products: Roofing products, Board & Wood sub, and Home improvement.

Ceramics: includes Sanitary ware and Fittings.

% Growth (y-o-y)

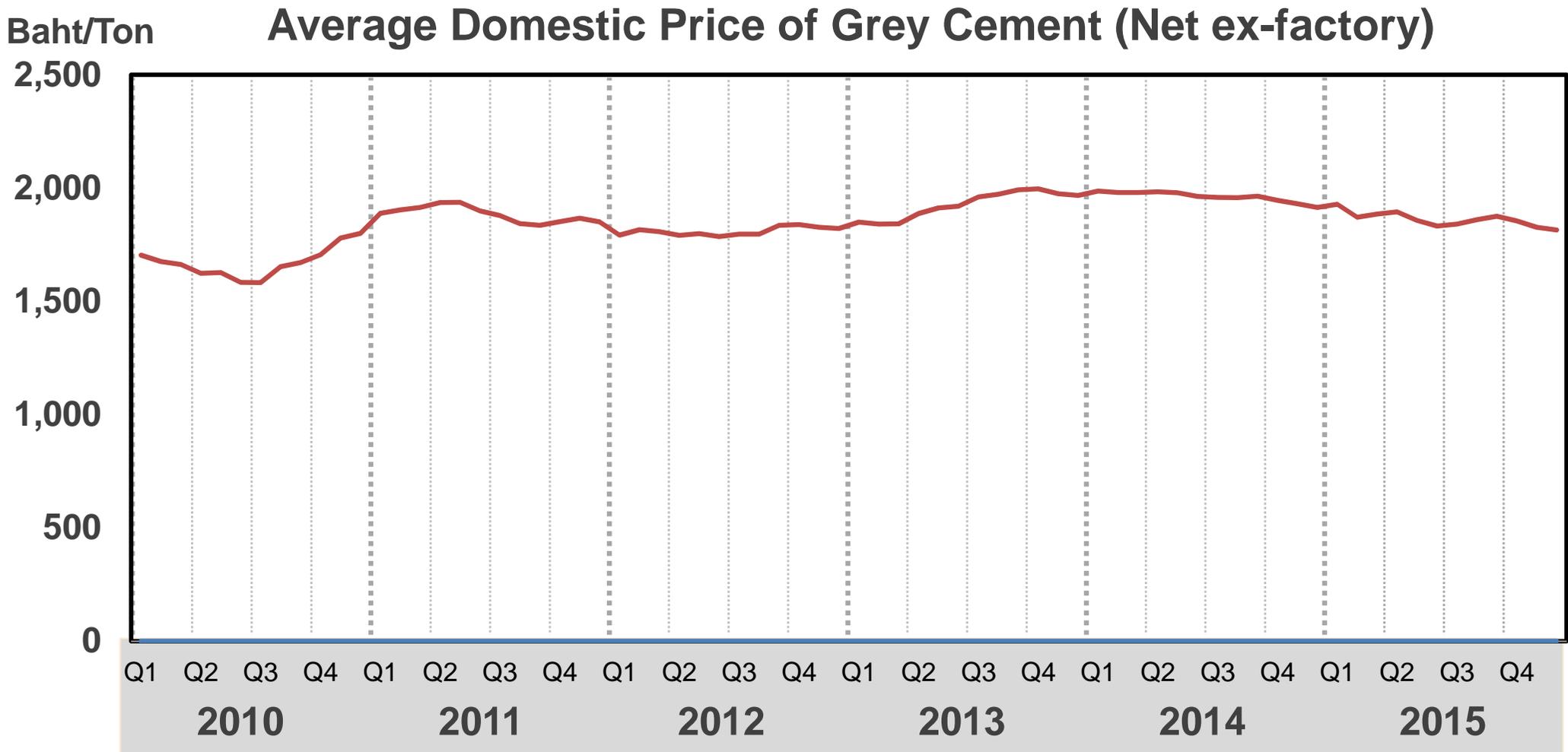
	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
Total Market* (100%)	+4%	0%	-3%	-3%	-1%	-2%	+2%	-1%	+2%	0%
Commercial (Approximately 20%)	+14%	+5%	-4%	-8%	+1%	-6%	+1%	-3%	0%	-2%
Gov't (Approximately 30%)	+1%	-2%	-3%	0%	-1%	+10%	+11%	+11%	+12%	+11%
Residential (Approximately 50%)	+1%	-1%	-2%	-3%	-1%	-7%	-3%	-7%	-4%	-5%

Note: * Estimated volume market distribution

Domestic cement price



Average prices in Q4/15 dropped q-o-q to the range of 1,800-1,850 Bt/ton.



Sale Mix

- Bagged Cement (%)	49	44	42	42	45	44	40	38	41	40	37	37	39	39	35	35
- Bulk Cement (%)	51	56	58	58	55	56	60	62	59	60	63	63	61	61	65	65

Cement Demand Growth (y-o-y)

	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
Cambodia	+11%	+3%	+6%	+21%	+10%	+8%	+12%	+17%	+0%	+9%
Indonesia	+4%	+4%	+2%	+3%	+3%	-2%	-4%	+3%	+6%	+1%
Myanmar	+19%	+14%	+5%	+5%	+11%	+17%	+19%	+7%	+2%	+11%
Vietnam	+11%	+6%	+17%	+9%	+11%	-1%	+11%	+6%	+14%*	+8%*

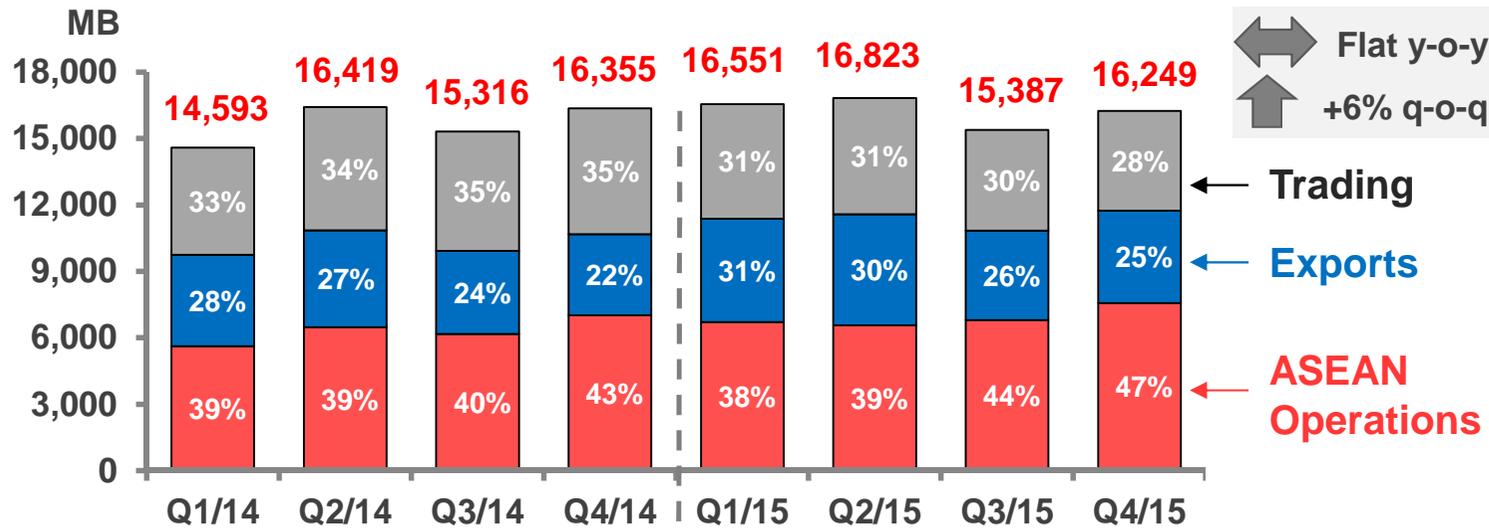
Note: Indonesia's cement demand is based on data from the Indonesian cement association (ASI).

* Vietnam's cement demand in Q4/15 included only Oct- Nov.

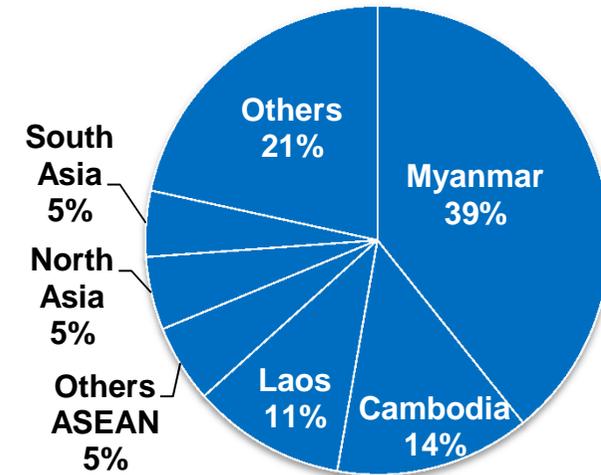
Vietnam's cement demand in 2015 included only the first eleven months.

International sales segmentation

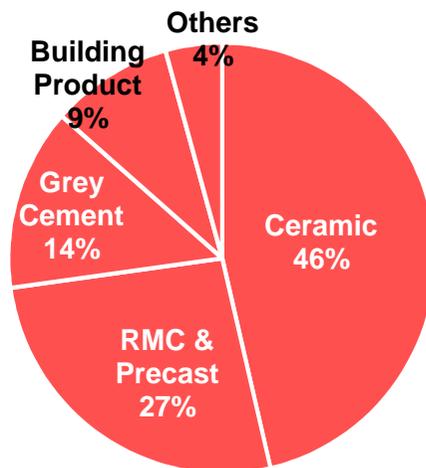
International sales in Q4/15 was flat y-o-y.



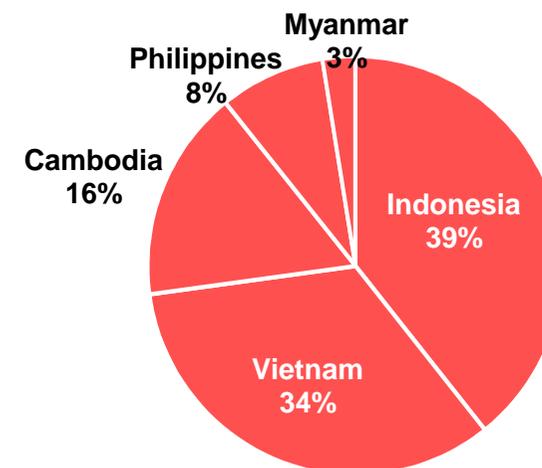
FY2015 Exports



FY2015 ASEAN Operations (Products)



FY2015 ASEAN Operations (Country)



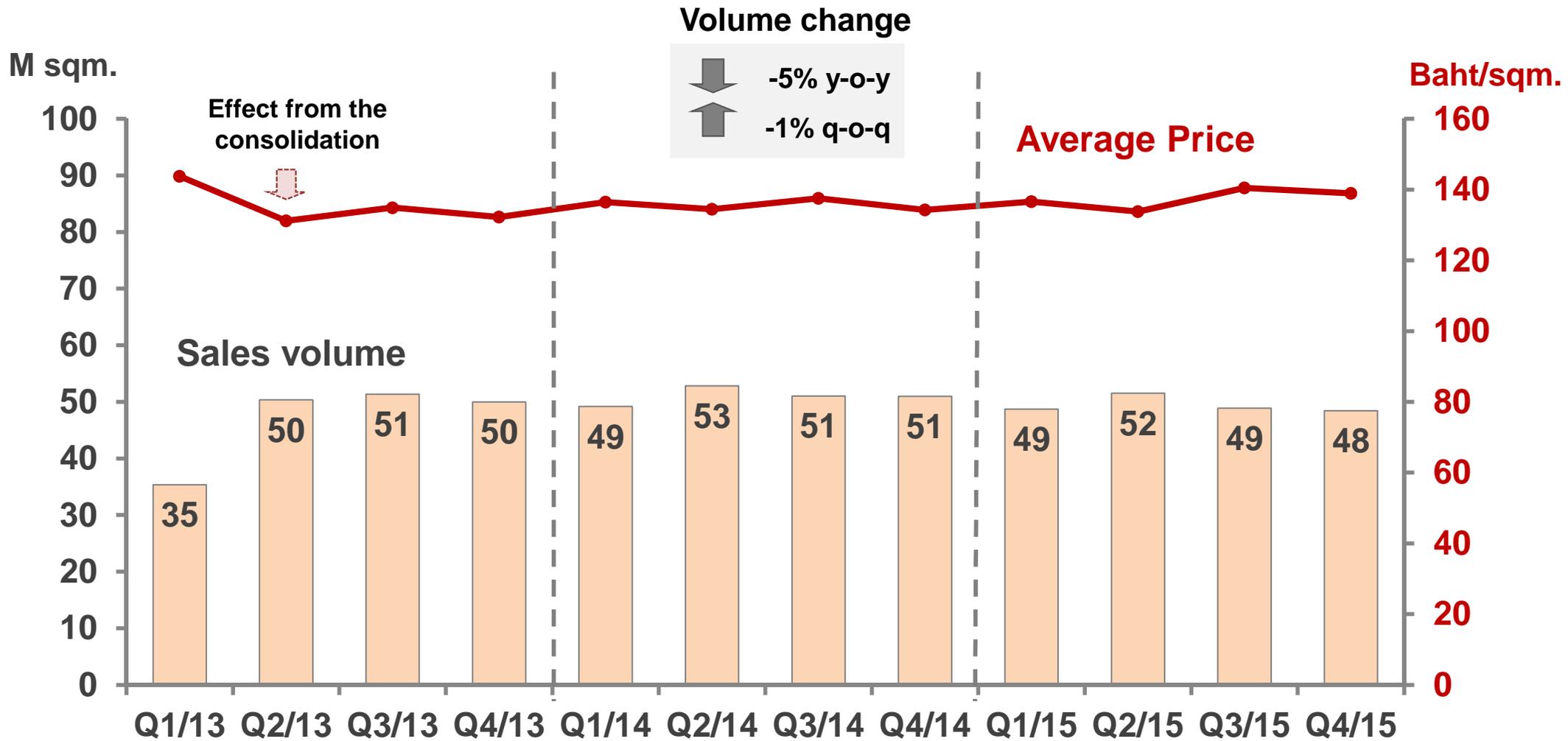
Note: International business = ASEAN Operations, exports from Thailand, and Trading business
Housing - Roofing products, Board & Wood sub, and Home improvement.
Ceramics - includes Sanitary ware and Fittings.
Trading - are mainly trading of non-SCG products

Ceramic Tiles



Sale volume dropped -5% y-o-y due to the market softness in Thailand and Indonesia.

Sales volume & prices for all ASEAN subsidiaries

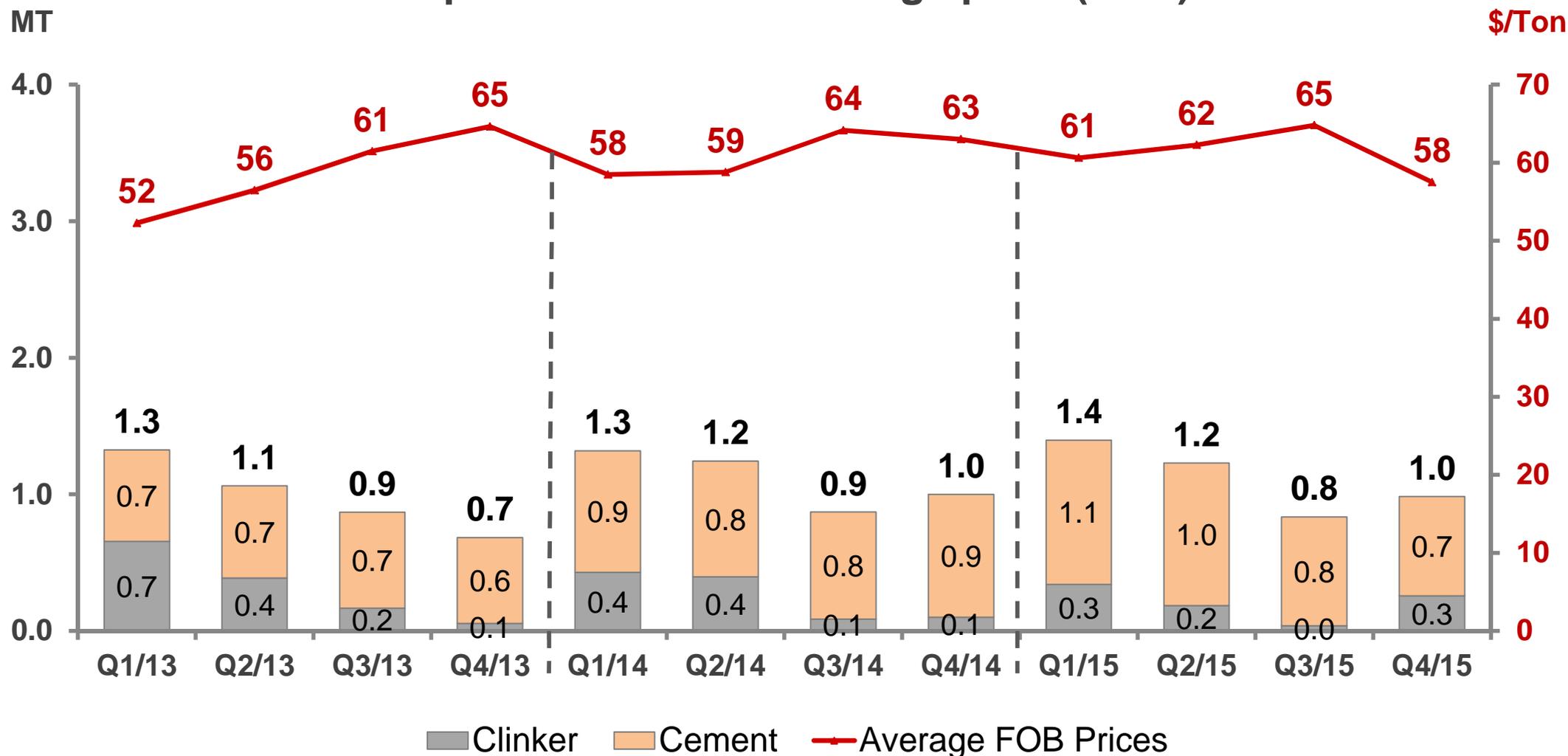


Cement exports



Exports registered 1 MT in Q4/15, while pricing dropped \$5/ton y-o-y as a result of the change in product mix.

Export volume and Average price (FOB)



Note: FOB price does not include handling charges and discount.

Outlook:

- FY2016 domestic cement demand is expected to grow +3% to +5% y-o-y, depending on the implementation and progress of the government's infrastructure projects.
- Domestic demand growth of housing products and ceramic tiles are projected to remain negative in FY2016
- In general, ASEAN (ex-Thailand) demand for cement and building materials products are expected to see continued growth in FY2016.

Investment updates :

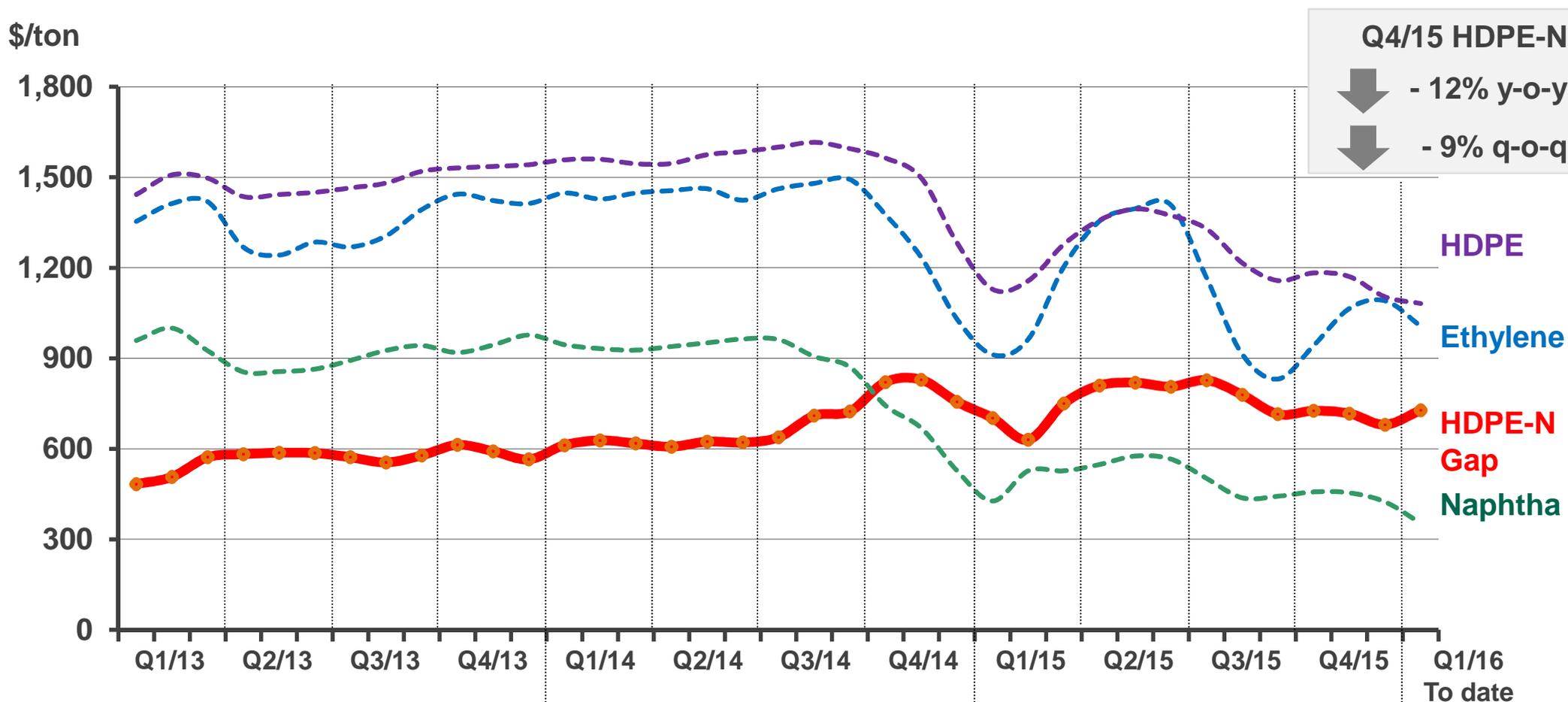
- **Indonesia cement plant** : commercial operations began in Nov/15.
- **Vietnam ceramic business** : to acquire the remaining 15% stake in Prime Group, with total investment of 2,190 MB. Following the transactions, SCG holds a 100% stake in Prime Group and related assets in Vietnam.

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	Q4/15	q-o-q change	Notes
Crude (Brent)	\$44/bbl	-\$6/bbl (-13%)	Oil markets remained oversupplied and concern over Chinese economy also weighted down crude prices
Naphtha	\$445/ton	-\$16/ton (-3%)	Naphtha slumped following decreased crude prices
Ethylene	\$1,033/ton	+\$63/ton (+7%)	Tight supply from the Middle East and key regional cracker's planned/unplanned emergency shutdowns
Propylene	\$587/ton	-\$149/ton (-20%)	Supply glut from new regional capacity
HDPE	\$1,153/ton	-\$81/ton (-7%)	Softened demand as end-product manufacturer maintained lean inventory
PP	\$998/ton	-\$135/ton (-12%)	
HDPE-Naphtha	\$708/ton	-\$66/ton (-9%)	Spreads narrowed mainly due to lower product prices
PP-Naphtha	\$554/ton	-\$119/ton (-18%)	
EDC	\$216/ton	-\$112/ton (-34%)	Downward trend from abundant supply from the U.S.
PVC	\$763/ton	-\$68/ton (-8%)	Limited demand towards year-end
PVC-EDC/C2	\$349/ton	+\$10/ton (+3%)	Spreads widened from a decline in EDC prices
MMA-Naphtha	\$1,025/ton	-\$194/ton (-16%)	Dampened demand amid price competition from Chinese MMA producers
BD-Naphtha	\$284/ton	-\$240/ton (-46%)	Continually weak automotive demand and more naphtha utilization from crackers
PTA-PX	\$64/ton	+\$7/ton (12%)	PTA prices firmed up, supported by temporary tight supply

HDPE – Naphtha Price Gaps

HDPE spread declined to \$708/ton q-o-q as HDPE prices descended from lower demand as downstream producers kept low inventory towards year-end.

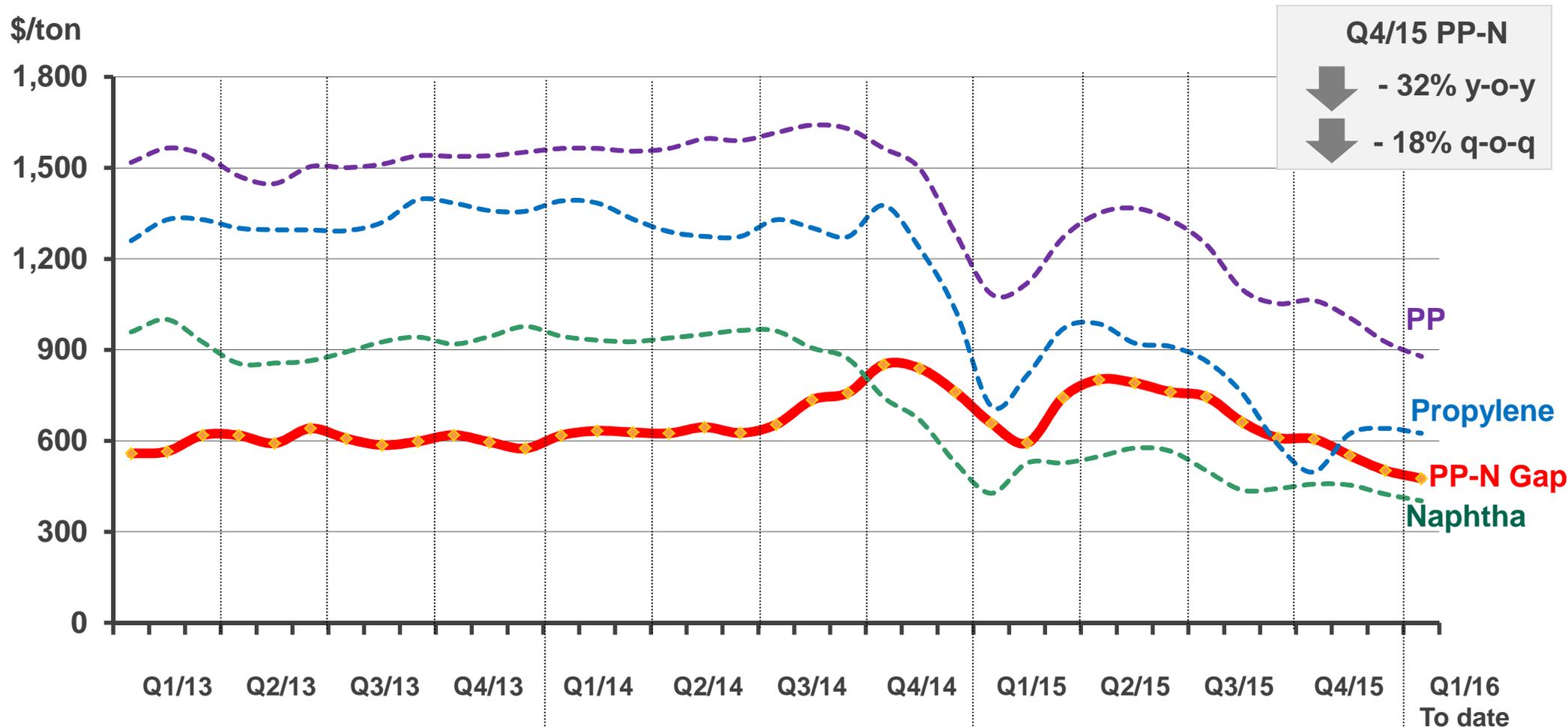


HDPE-Naphtha Spread (\$/ton)	521	585	568	590	620	618	691	802	694	812	774	708	728
	← 566 →			← 682 →				← 747 →					
HDPE-C2	87	178	166	110	113	121	125	234	161	(11)	264	120	75
C2-Naphtha	434	407	402	480	507	496	565	568	532	823	510	588	653

Note: Prices refer to SEA regional prices

PP – Naphtha Price Gaps

PP spread contracted to \$553/ton q-o-q mainly from abundant on-purpose availabilities in China.

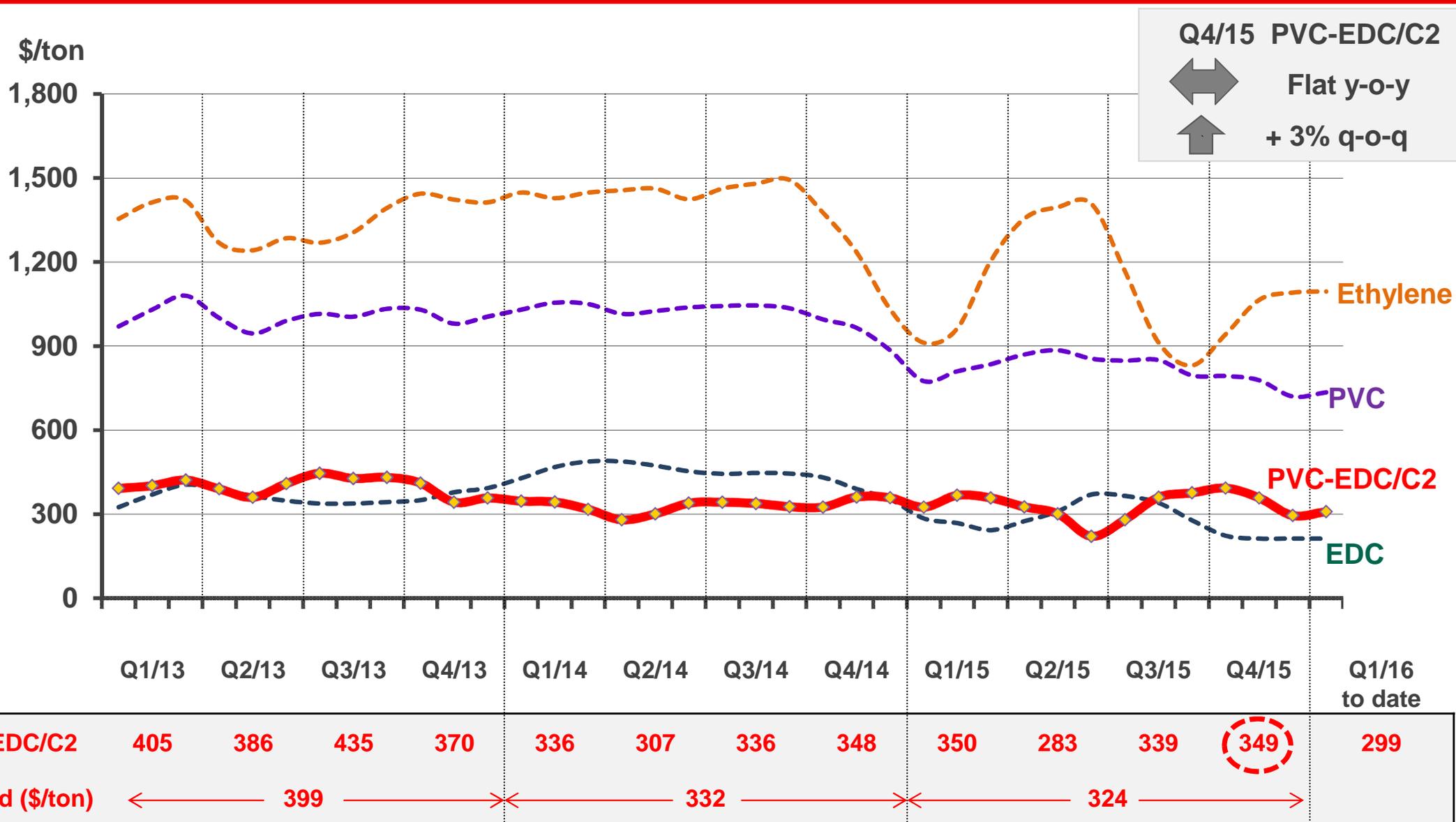


	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16 To date
PP-Naphtha	581	617	597	597	626	632	716	819	664	785	672	554	524
Spread (\$/ton)	← 598 →				← 698 →				← 669 →				
PP-C3	236	178	182	177	192	304	328	433	325	408	397	412	234
C3-Naphtha	345	439	415	420	434	328	388	385	339	376	275	142	290

Note: Prices refer to SEA regional prices

PVC

PVC spread improved to \$349/ton, attributed to a drop in EDC prices pressured by the excess supply from the U.S.



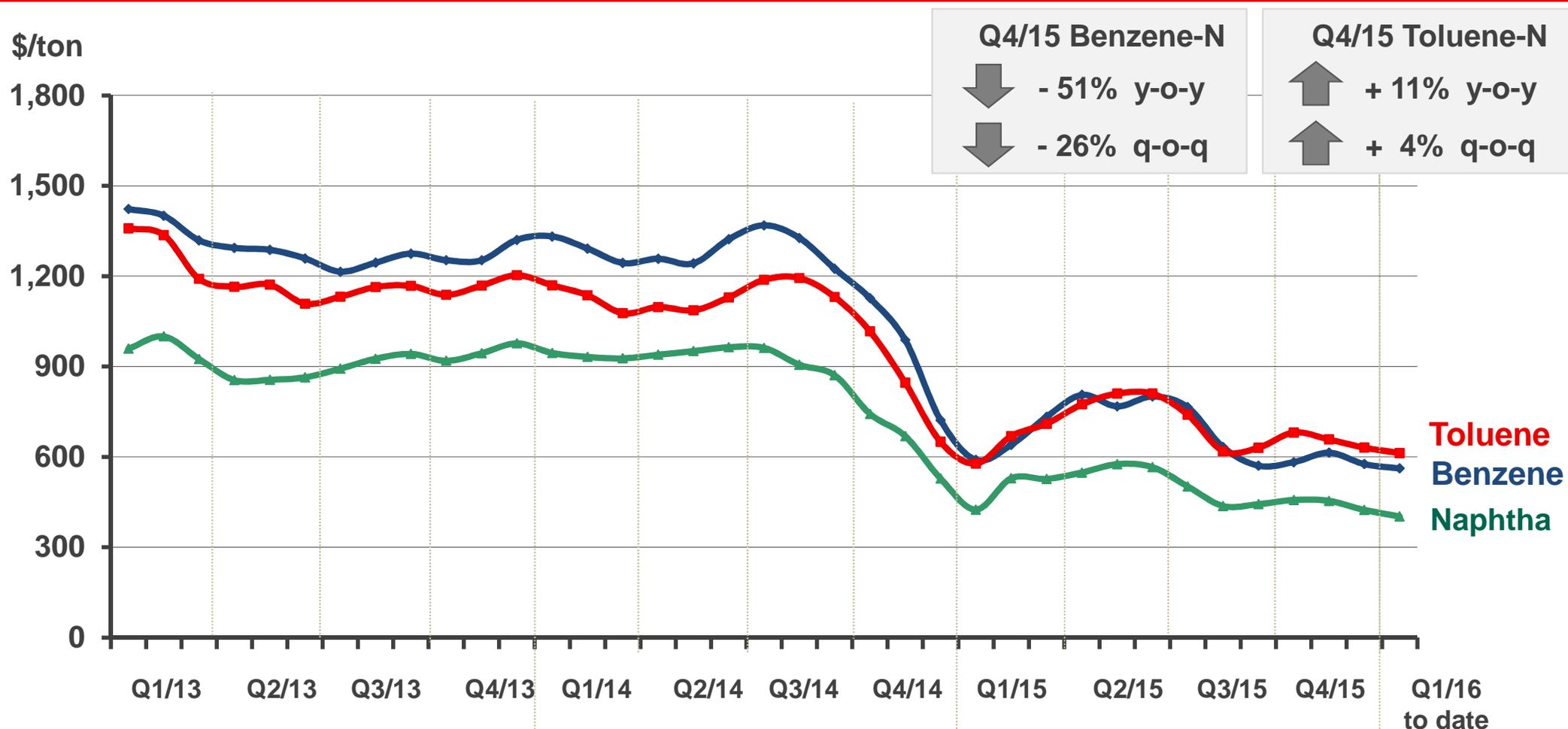
Note: Prices refer to FE regional prices

Benzene & Toluene



BZ-Naphtha: benzene prices dropped as SM plants shut down for turnaround

TL-Naphtha: gap slightly improved attributed to high demand for gasoline blending in Asia



Q4/15 Benzene-N	Q4/15 Toluene-N
↓ - 51% y-o-y	↑ + 11% y-o-y
↓ - 26% q-o-q	↑ + 4% q-o-q

	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16 to date
BZ-Naphtha	420	422	325	329	355	323	394	299	161	228	196	146	180
TL-Naphtha	333	290	234	223	193	153	258	191	159	235	203	212	227
BZ-Spread	← 374 →			← 343 →			← 183 →						
TL Spread	← 270 →			← 199 →			← 202 →						

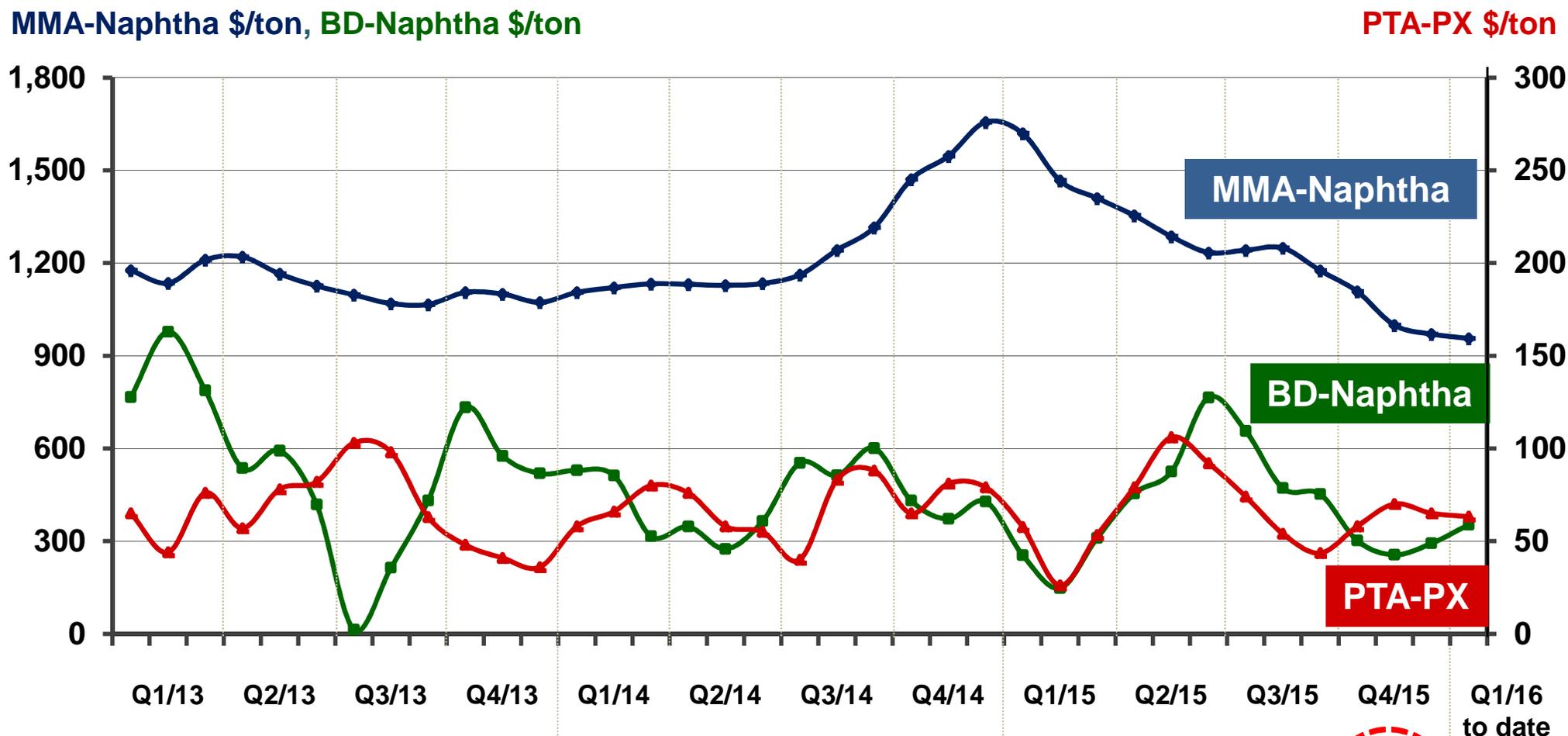
Note: Prices refer to SEA regional prices

Price Gaps of Associates

MMA-Naphtha: market squeezed from bearish demand especially in China

PTA-PX: gap improved as several PTA producers underwent planned/unplanned shutdown

BD-Naphtha: continually weak automotive demand coupled with high naphtha cracker's run rates

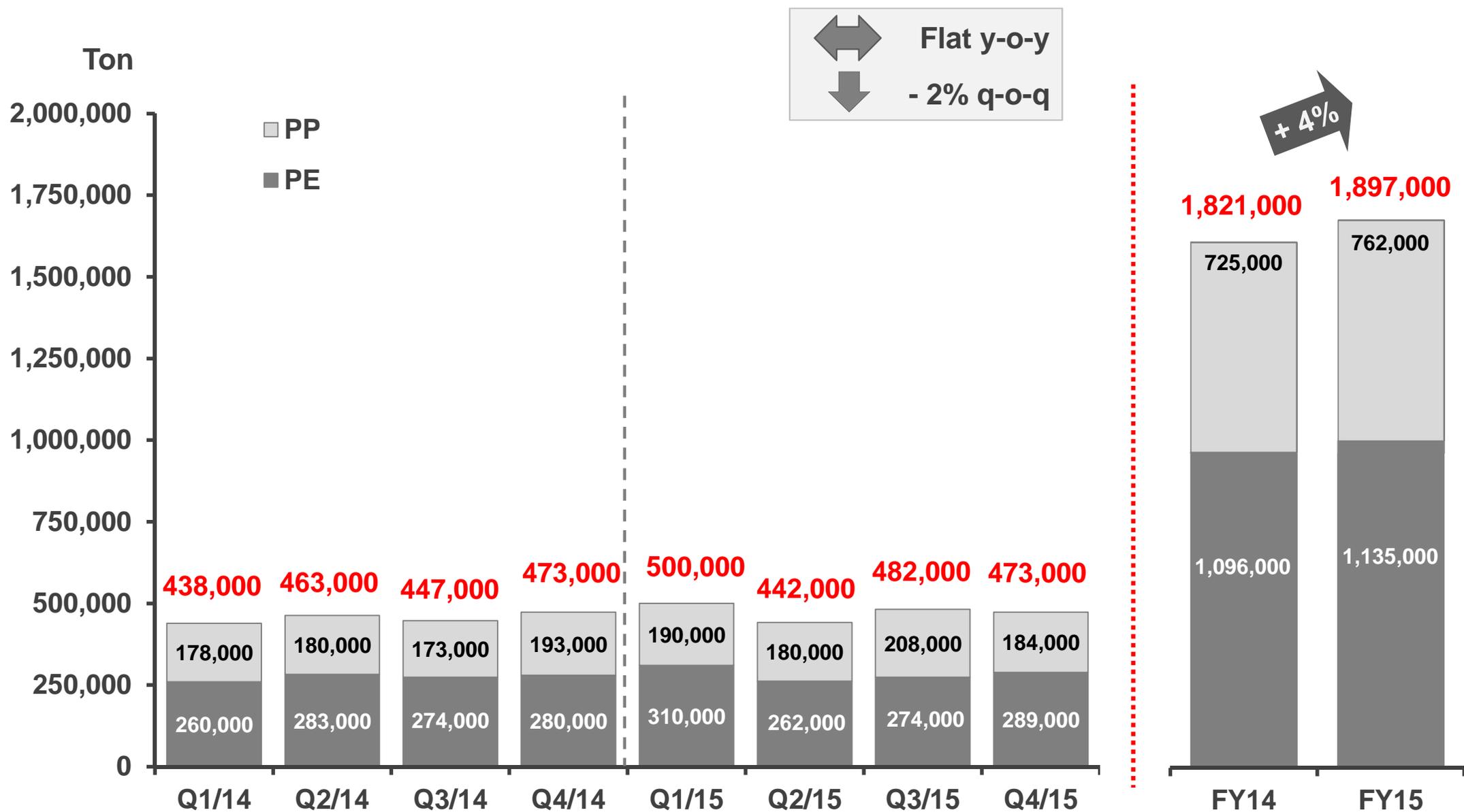


	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16 to date
MMA-N	1,174	1,170	1,077	1,093	1,120	1,131	1,240	1,558	1,499	1,291	1,222	1,025	977
PTA-PX	62	72	88	42	68	63	70	75	46	92	57	64	71
BD-N	844	516	220	609	452	329	556	410	238	581	527	284	406

Note: BD and MMA prices refer to SEA regional prices, PTA prices refer to Asian regional prices

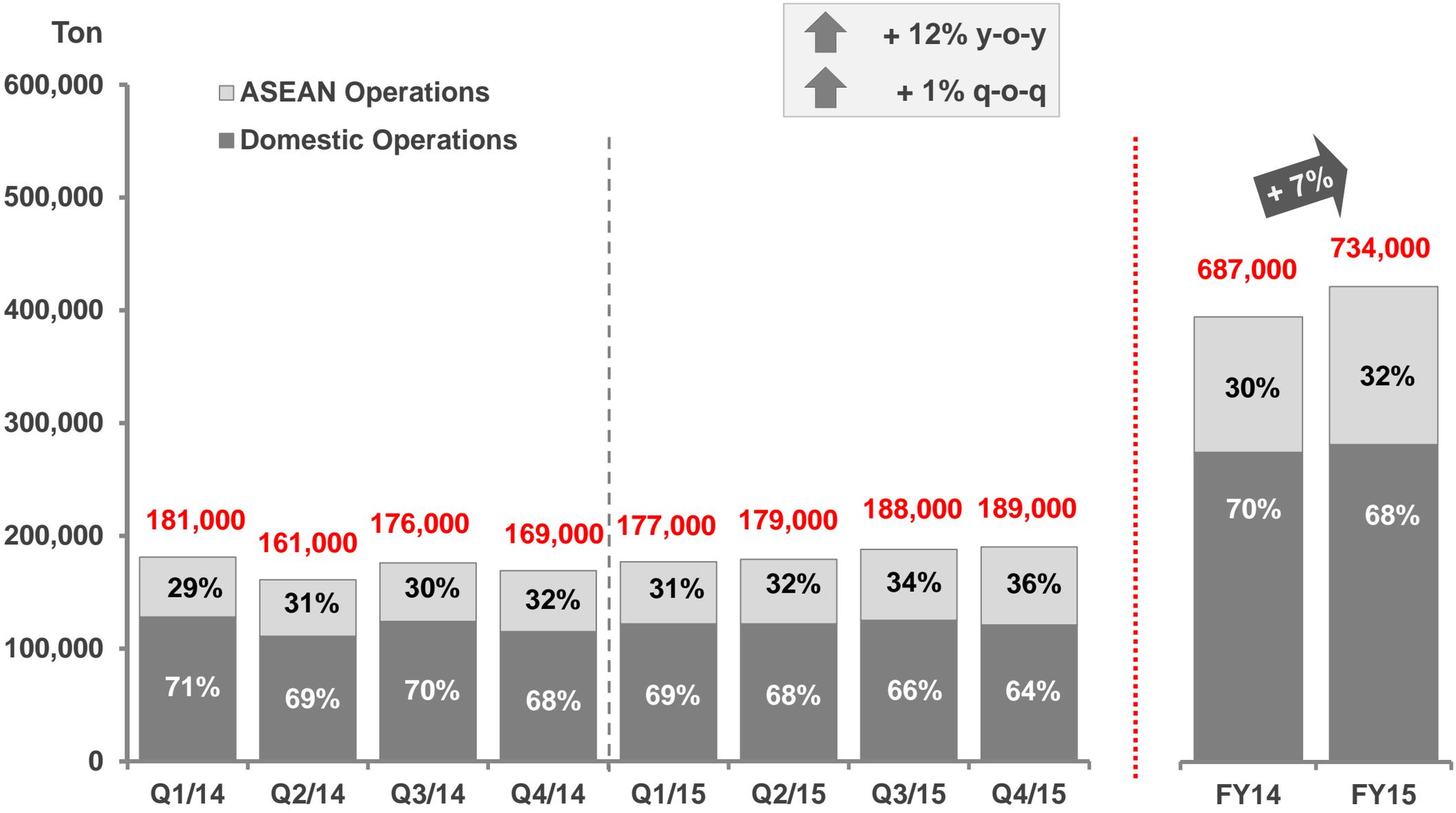
Polyolefin Sales Volume

Q4/15 sales volume slightly dropped 2% q-o-q and was maintained y-o-y.



PVC Sales Volume

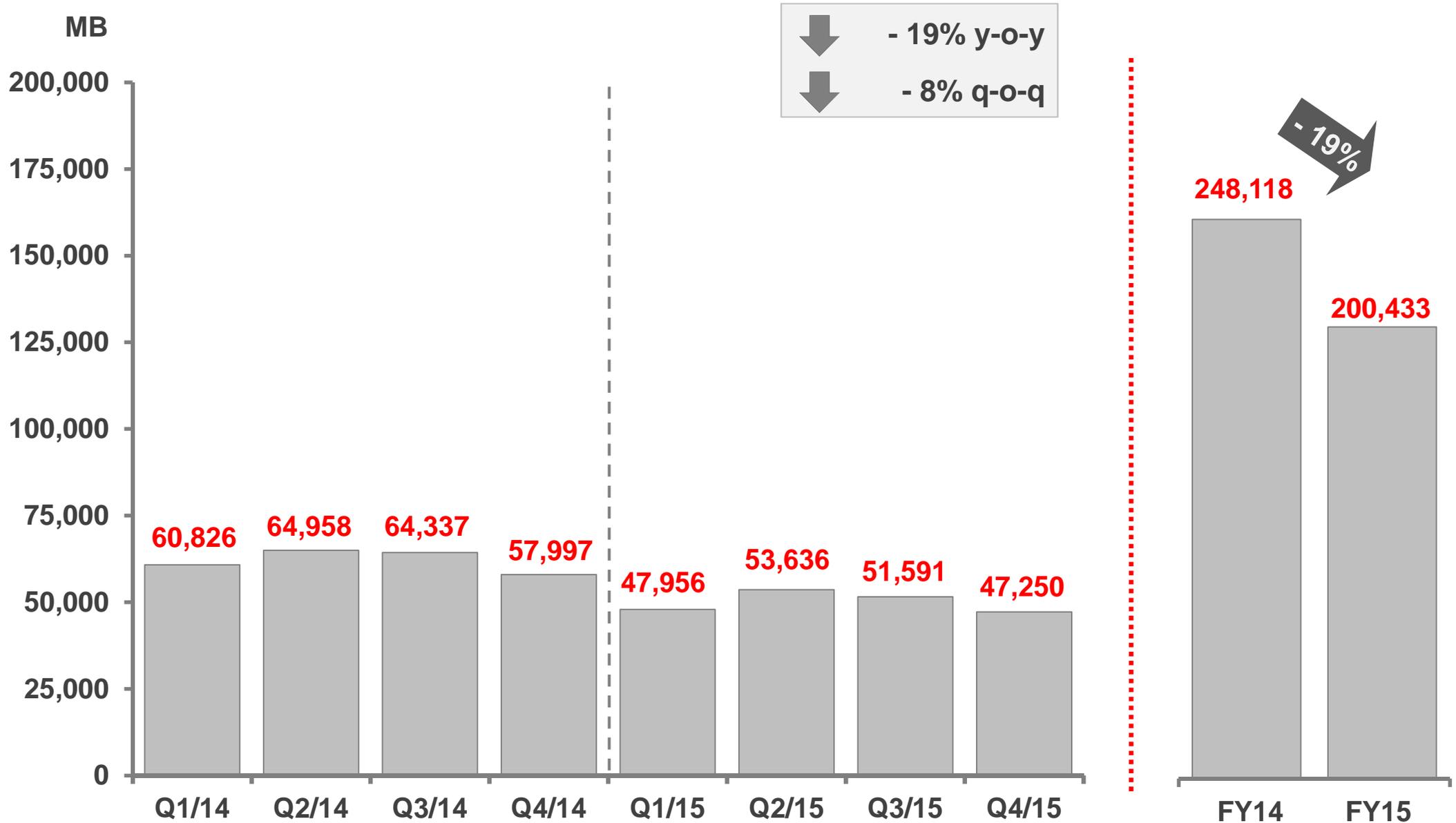
Q4/15 sales volume was stable with the growth of 1% q-o-q, but improved 12% y-o-y from the additional capacity from VCM debottlenecking.



*Note: *ASEAN Operations = Sales volume from PVC operations in Vietnam and Indonesia*

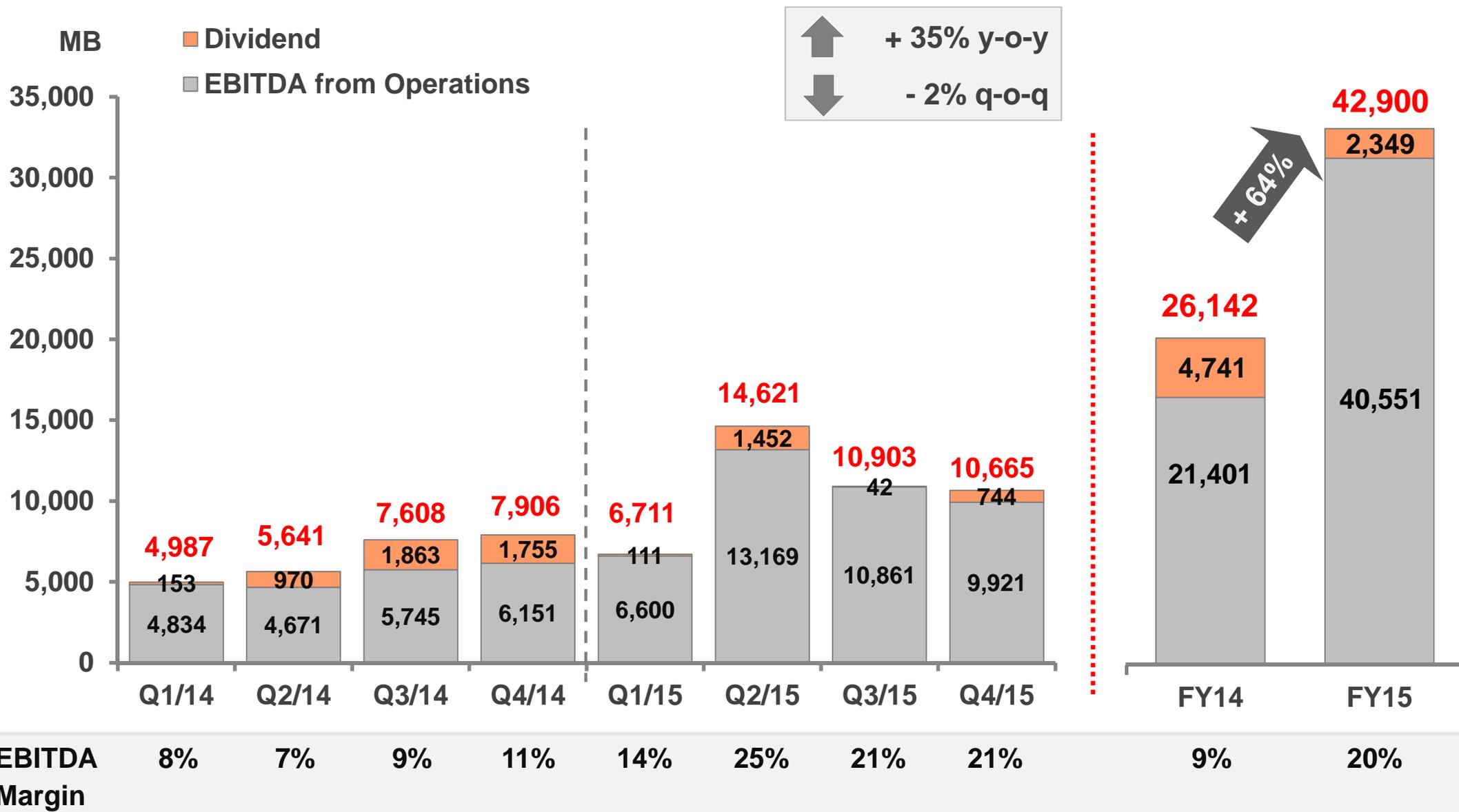
Revenue from Sales

Q4/15 revenue decreased to 47,250 MB corresponding to softened crude prices.



EBITDA

Q4/15 EBITDA dropped slightly q-o-q to 10,665 MB from lower spreads.

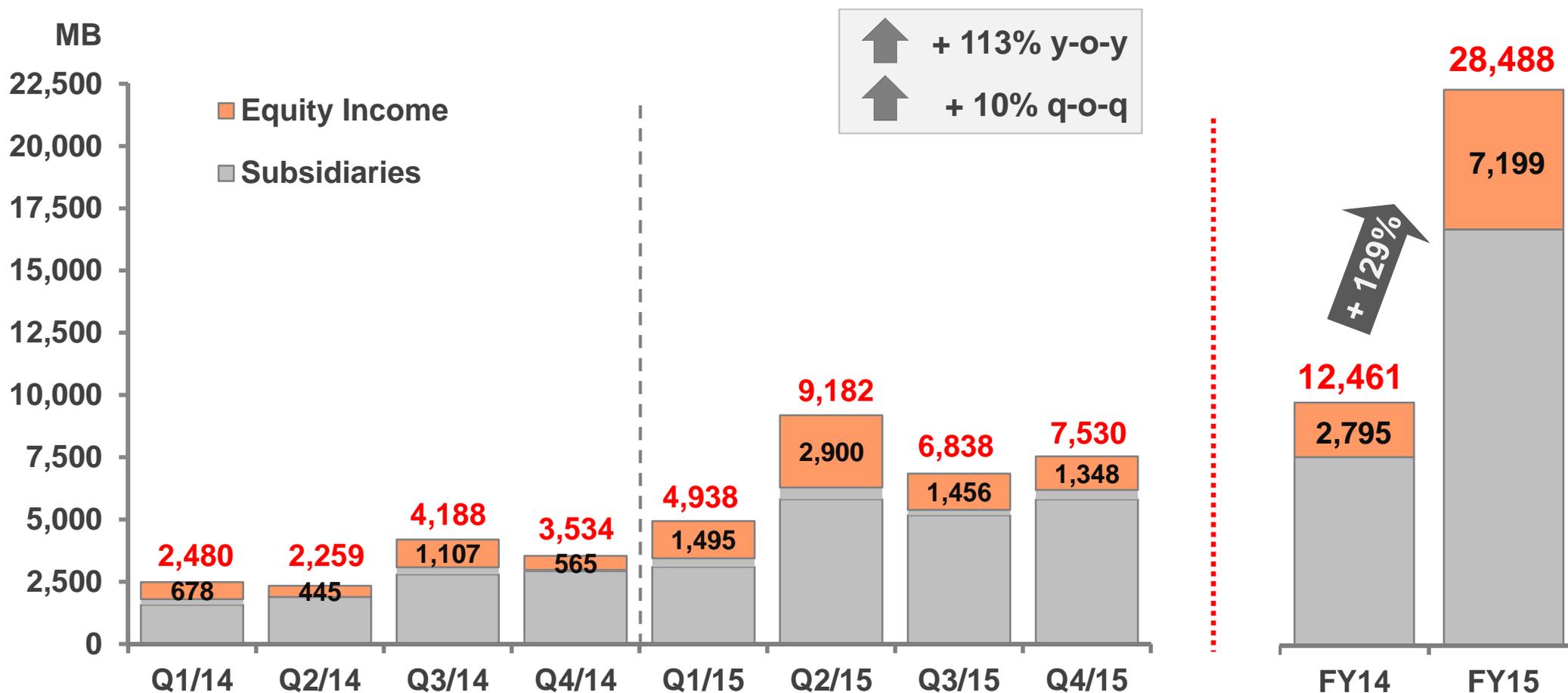


Note: EBITDA = EBITDA from Operations + Dividend from Associated Companies

Profit for the Period

Q4/15 profit increased to 7,530 MB, with no FX and inventory loss.

FY2015 performance improved significantly by 129% y-o-y from lower feedstock.



NCI (Non controlling interest)	(330)	(240)	(650)	(740)	(680)	(3,600)	(1,540)	(1,140)	(1,960)	(6,960)
Inventory Gain (Loss)**	180	(80)	(130)	(2,960)	(930)	970	(2,160)	330*	(2,990)	(1,790)

*Sub/Asso : 63%/37%

**Note: SCG Chemicals (Sub + Asso)

- **Crude** – crude prices stay low from U.S. excess supply and lifted Iran's sanctions.
- **Naphtha** – naphtha following crude oil prices amid tight supply from refinery turnaround.
- **Polyolefin** – buyers take hand-to-mouth approach awaiting clearer price direction.
- **PVC** – prices remain weak due to slow restocking activity and strong price competition.

Company highlight:

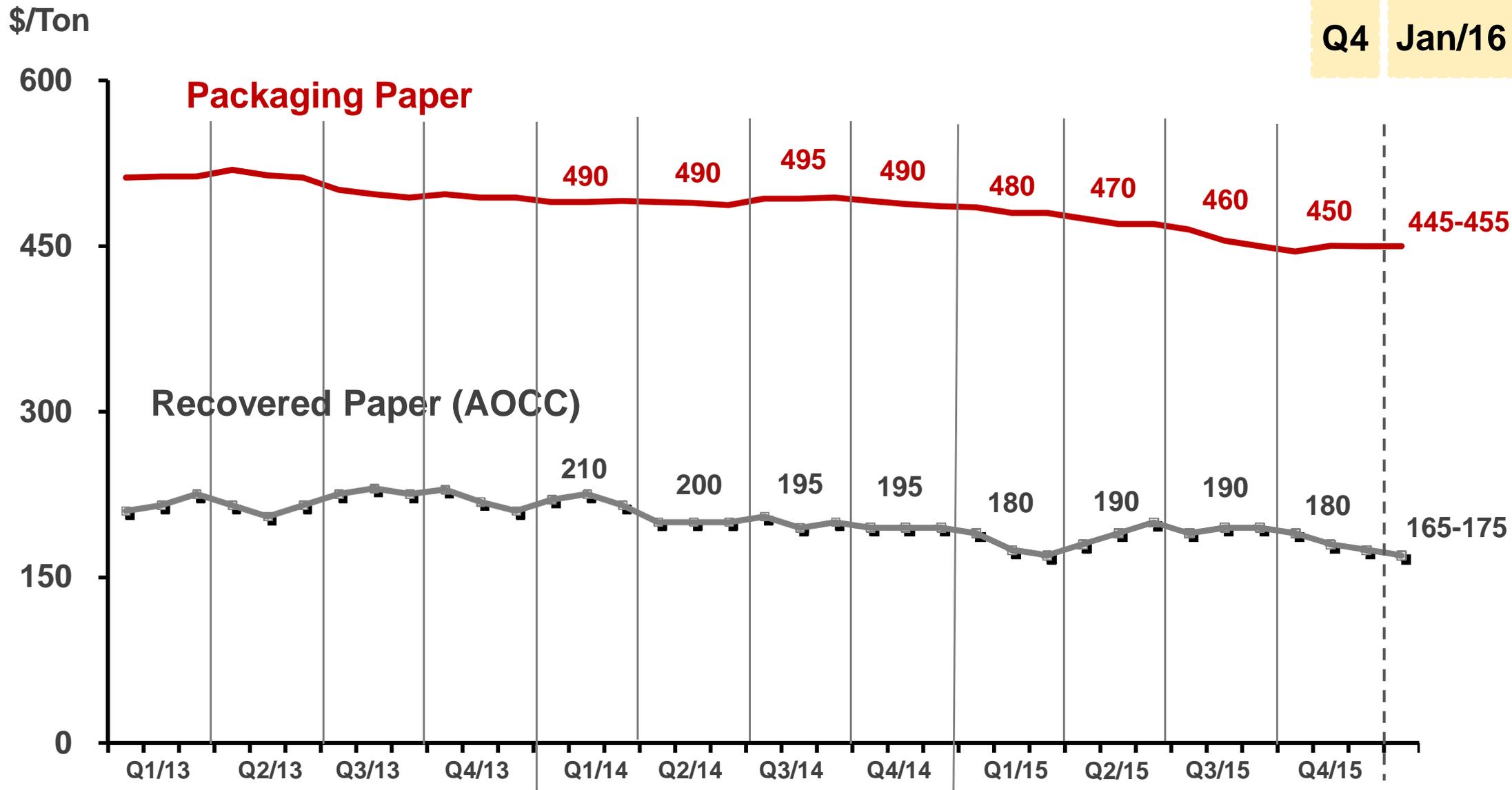
- **Chandra Asri** – completed cracker's debottlenecking with ethylene capacity increased from 600 KTA to 860 KTA, and expected to fully ramp up by February.
- **Longson Petrochemical Complex** – negotiating with new potential partners.

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Packaging Paper



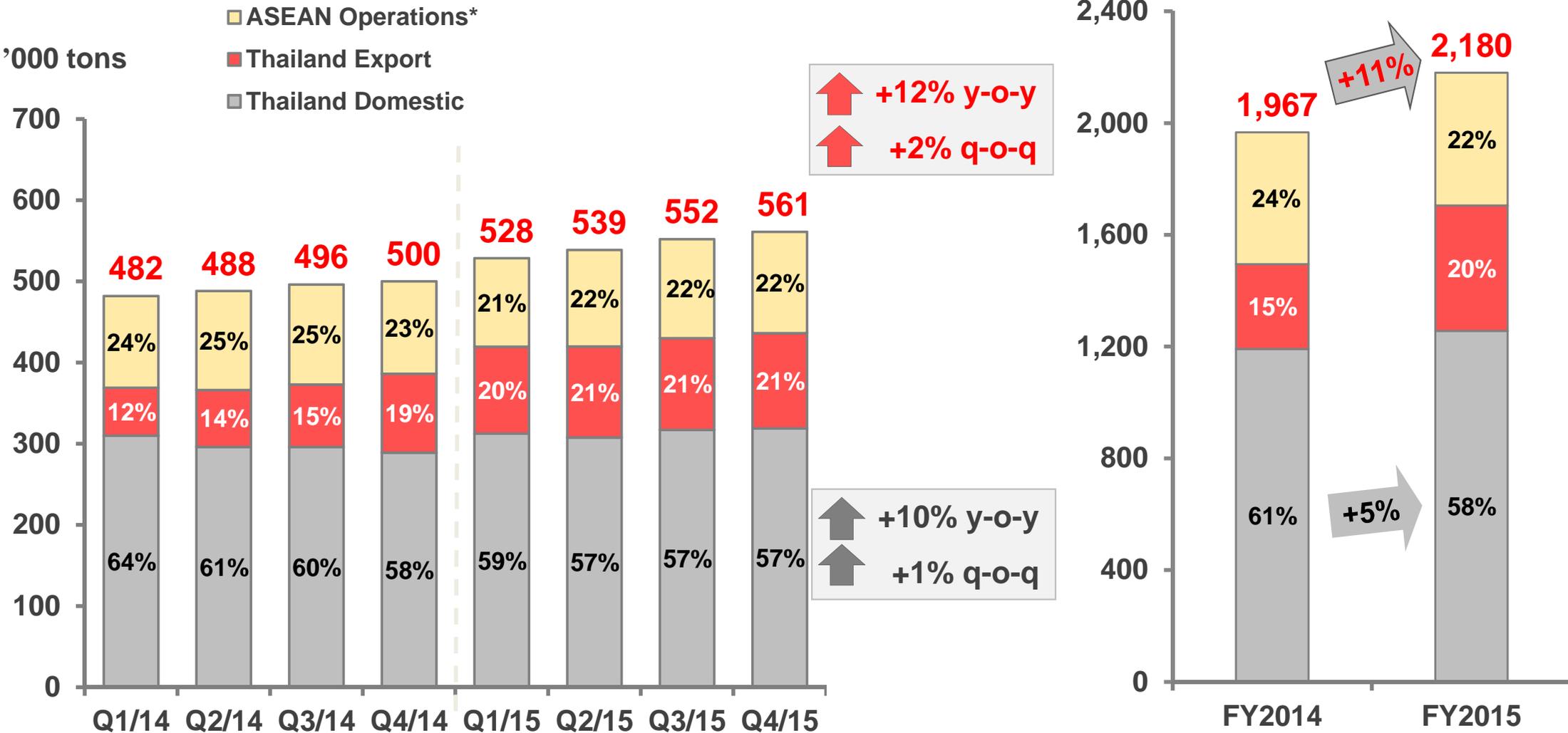
Packaging paper prices continued to decline due to soft regional demand. Similarly, AOCC prices dropped due to demand softness among key Chinese



Note: regional prices

Packaging Paper

Total sales volume increased 2% q-o-q and 12% y-o-y owing to higher domestic and export sales.

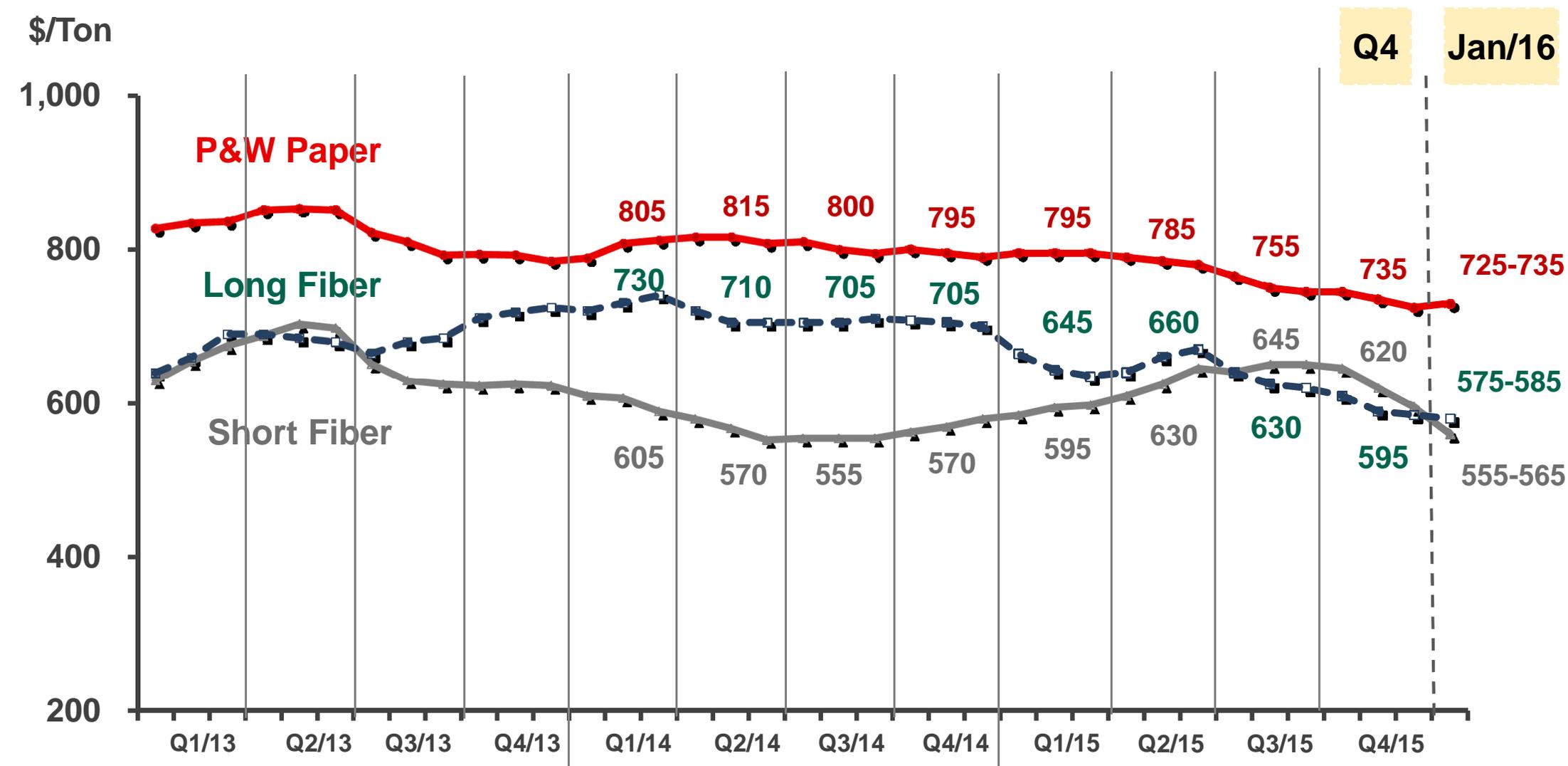


Note: *Sales Volume from Philippines and Vietnam

Fibrous (Printing & Writing Paper)



Printing & Writing paper prices declined from continued weak demand. Short fiber pulp prices decreased due to oversupply, while dissolving pulp price increased to \$895/ton owing to sustained Chinese demand.

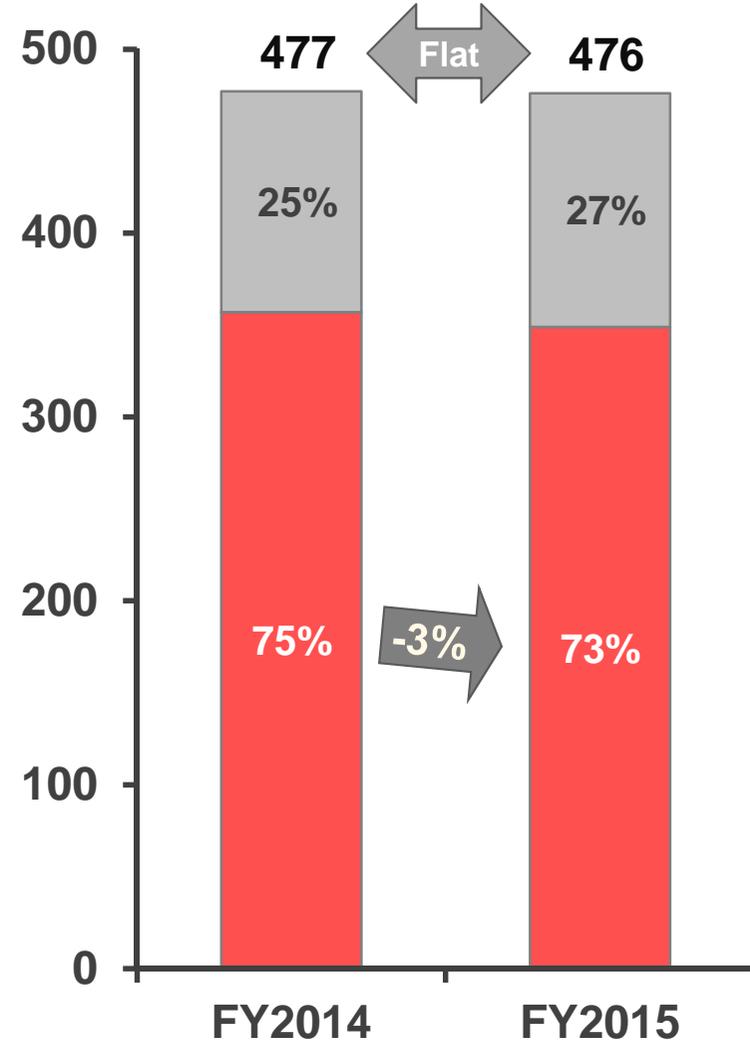
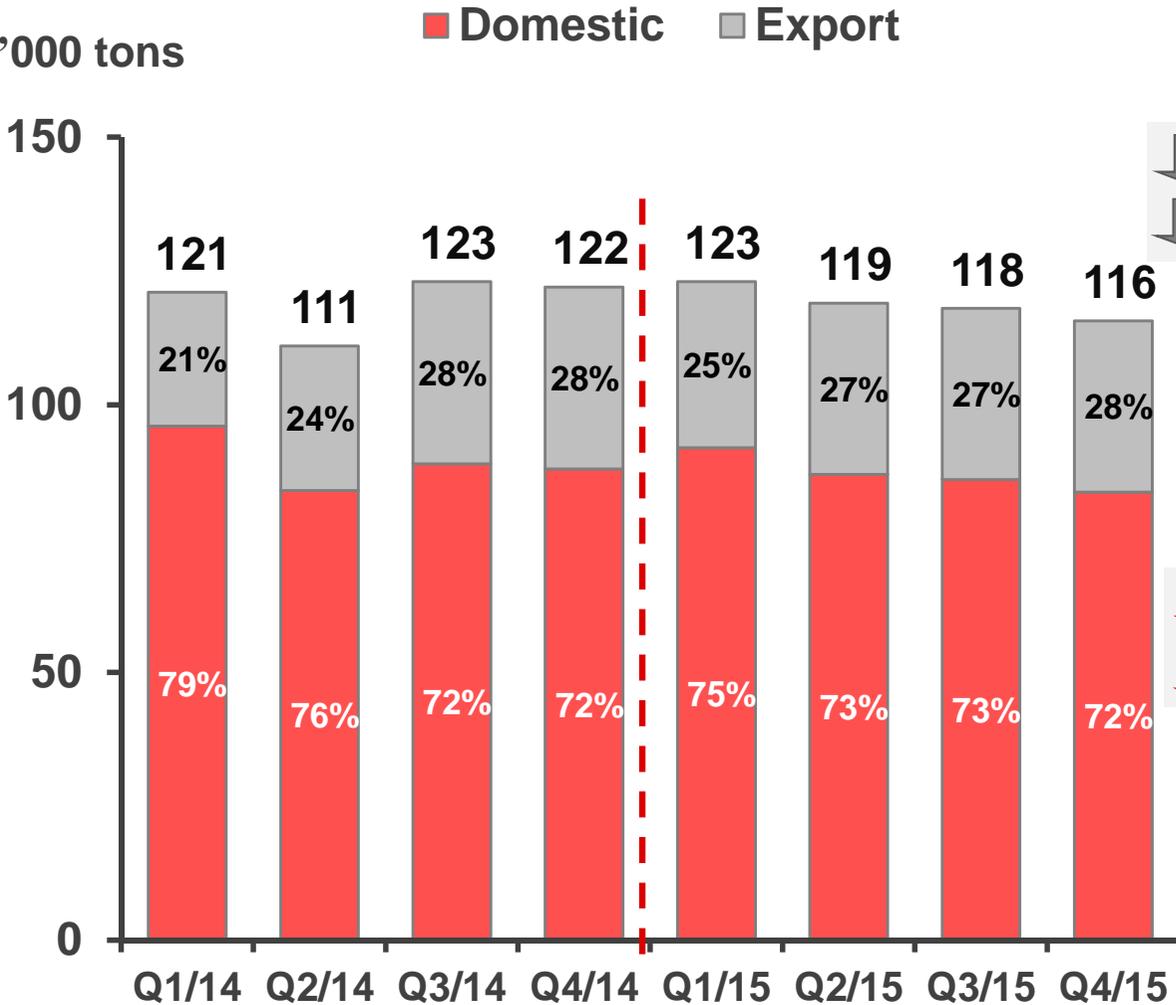


Note: regional prices

Fibrous (Printing & Writing Paper)

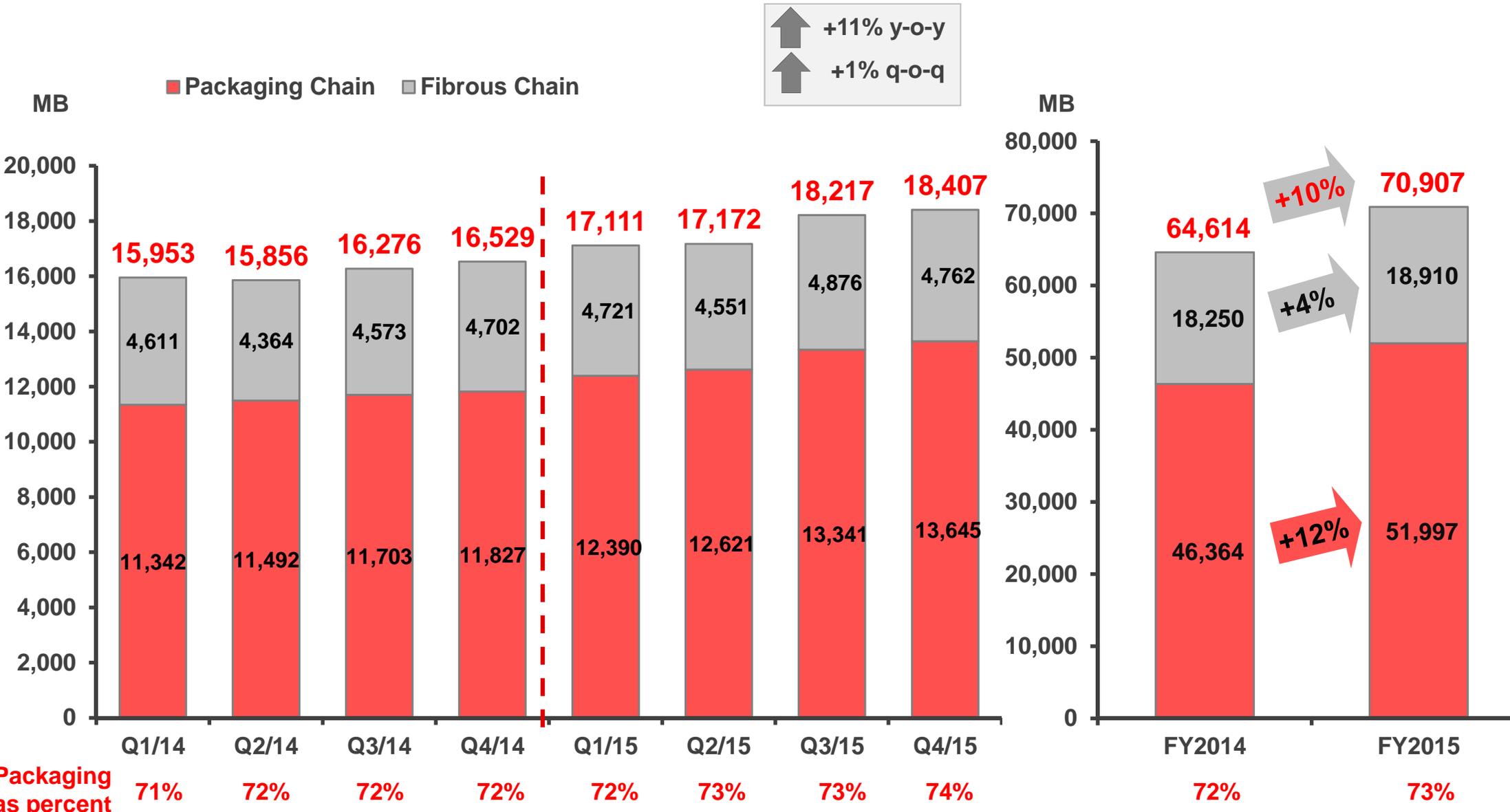


Total sales volume decreased 2% q-o-q and 5% y-o-y due to continued sluggish demand.



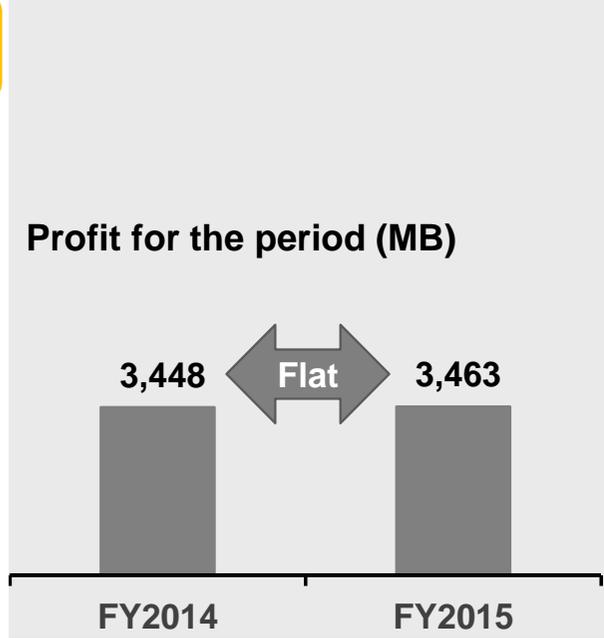
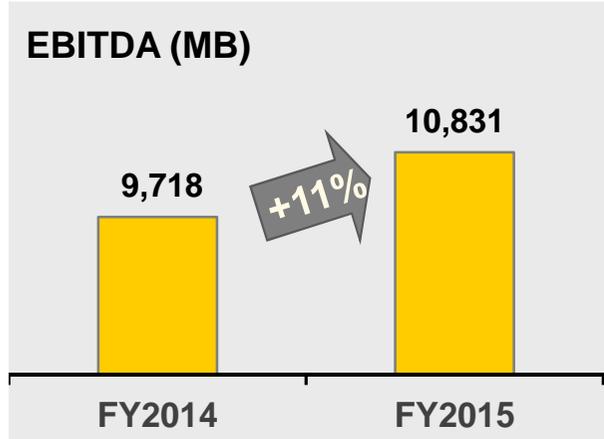
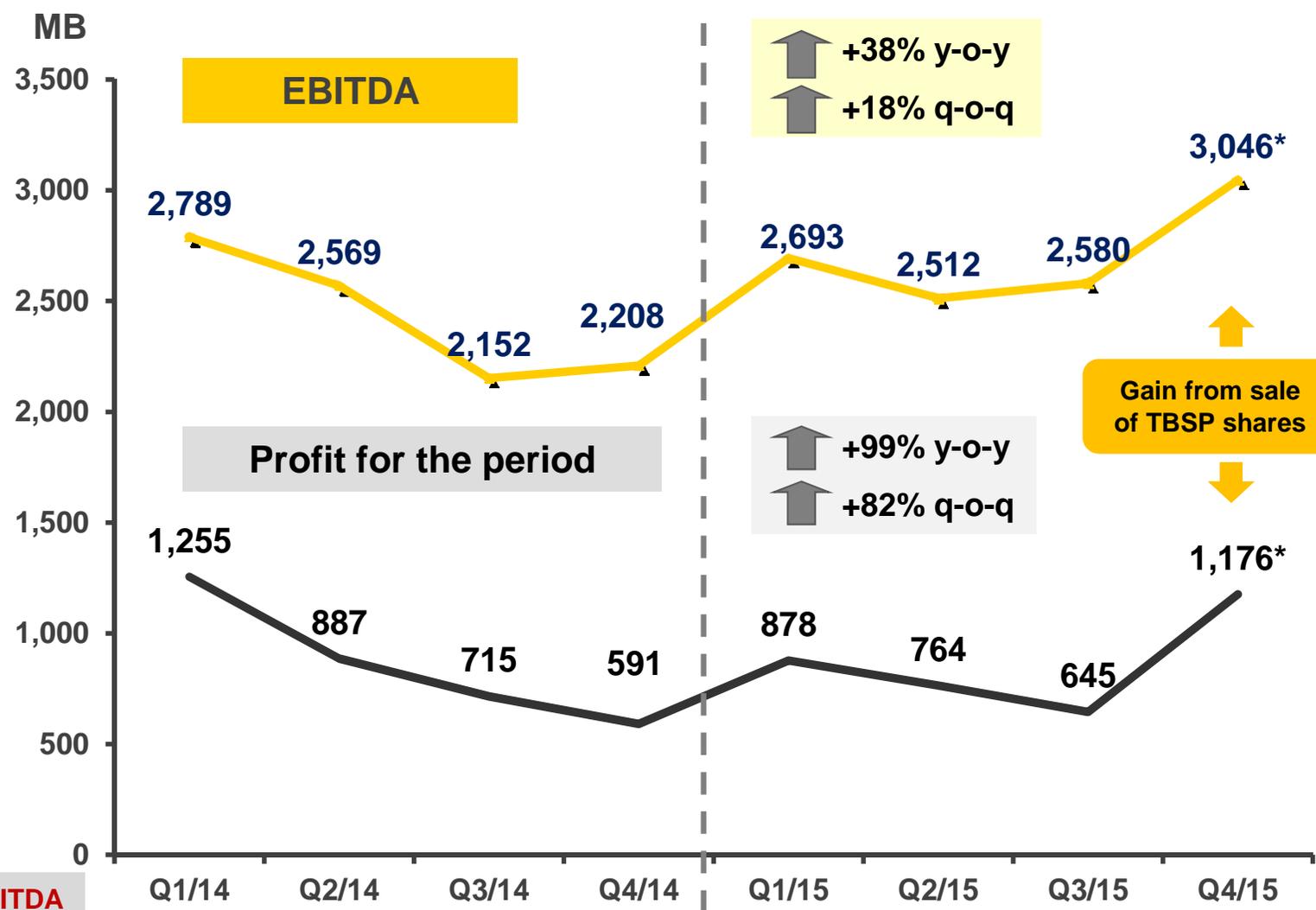
Revenue from Sales

Revenue from Sales in Q4/15 increased 1% q-o-q and up 11% y-o-y mainly from higher domestic and export sales in packaging chain.



EBITDA and Profit for the Period

Performance in Q4/15 improved q-o-q with EBITDA increased 18% and Profit increased 82% mainly from non-recurring item (sale of TBSP shares).



EBITDA Margin	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Total	17%	16%	13%	13%	16%	15%	14%	17%*
Fibrous	15%	12%	12%	9%	13%	11%	12%	12%
Packaging	19%	18%	15%	15%	17%	16%	15%	15%

15% EBITDA Margin

*Remark : Include gain from sale of TBSP shares.

Outlook:

- Demand for packaging is expected to increase slightly both domestically and within the region.
- Regional packaging paper prices are expected to maintain due to competition.
- Recovered paper prices expect to decrease further due to Lunar New Year downtime plans in China causing demand softness.
- Long fiber and short fiber prices expect to decline as a result of weak demand amidst abundant supply.

Updates:

- SCG Packaging has sold 3,520,000 shares (32%) of Thai British Security Printing Public Company Limited (or “TBSP”) to an investor, with the remaining 18% to be sold within 5 years. The combined value of the transaction is approximately 720 Million Baht.

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Thank You

For further details, please contact invest@scg.co.th